

House Engrossed Senate Bill

FILED

State of Arizona
Senate
Forty-fourth Legislature
Fifth Special Session
2000

Betsey Bayless
Secretary of State

CHAPTER 1

SENATE BILL 1007

AN ACT

AMENDING TITLE 15, CHAPTER 1, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-154.01; AMENDING SECTION 15-185, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-241; AMENDING SECTION 15-271, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 3, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-341.01; AMENDING SECTIONS 15-342, 15-502 AND 15-741 ARIZONA REVISED STATUTES; REPEALING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 342, SECTION 4; AMENDING SECTION 15-901, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 236, SECTION 19; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.01; AMENDING SECTIONS 15-903 AND 15-910, ARIZONA REVISED STATUTES; AMENDING SECTION 15-947, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 236, SECTION 22; AMENDING SECTION 15-971, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 236, SECTION 24; AMENDING TITLE 15, CHAPTER 9, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-977; AMENDING TITLE 15, CHAPTER 9, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; AMENDING TITLE 15, CHAPTER 12, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1472; AMENDING TITLE 15, CHAPTER 13, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1648; AMENDING SECTIONS 15-2051, 15-2052, 15-2053, 15-2054, 15-2055 AND 15-2056, ARIZONA REVISED STATUTES; REPEALING SECTION 15-2058, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-2059, 15-2060, 15-2061, 15-2062 AND 15-2063, ARIZONA REVISED STATUTES; AMENDING TITLE 15,

CHAPTER 16, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 7; AMENDING TITLE 15, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 17; AMENDING SECTION 37-521, ARIZONA REVISED STATUTES; AMENDING SECTION 41-1276, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 187, SECTION 8; AMENDING SECTIONS 41-1279.03 AND 42-5010, ARIZONA REVISED STATUTES; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 167, SECTION 2; AMENDING SECTIONS 42-5030.01, 42-5155 AND 42-6103 ARIZONA REVISED STATUTES; AMENDING SECTION 42-6104, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 53, SECTION 20; AMENDING SECTION 42-6106, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 53, SECTION 21; AMENDING SECTION 42-6107, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 53, SECTION 22; AMENDING SECTION 42-6109, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 53, SECTION 23; AMENDING SECTION 42-6111, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 53, SECTION 24; AMENDING SECTION 43-323, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1072.01; AMENDING SECTIONS 43-1089 AND 43-1089.01, ARIZONA REVISED STATUTES; AMENDING SECTION 48-4022, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 53, SECTION 26; AMENDING SECTIONS 48-4236 AND 48-4237, ARIZONA REVISED STATUTES; AMENDING LAWS 2000, CHAPTER 48, SECTION 8; AMENDING LAWS 2000, CHAPTER 48, SECTION 9; PROVIDING FOR THE DELAYED REPEAL OF TITLE 15, CHAPTER 16, ARTICLE 7, ARIZONA REVISED STATUTES, AS ADDED BY THIS ACT; MAKING AN APPROPRIATION; PROVIDING FOR REFERENDUM; RELATING TO EDUCATION; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 15, chapter 1, article 5, Arizona Revised Statutes,
3 is amended by adding section 15-154.01, to read:

4 15-154.01. Character education matching grant program

5 A. ANY PUBLIC OR CHARTER SCHOOL THAT TEACHES A CHARACTER EDUCATION
6 CURRICULUM PURSUANT TO SECTION 15-719 IS ELIGIBLE FOR A STATE MATCHING GRANT
7 OF UP TO ONE THOUSAND FIVE HUNDRED DOLLARS ANNUALLY. THE SCHOOL SHALL
8 PROVIDE MATCHING MONIES FROM ANY LAWFUL SOURCE.

9 B. THE CHARACTER EDUCATION PROGRAM SHALL BE AN AGE-SPECIFIC,
10 STAND-ALONE CHARACTER EDUCATION CURRICULUM WITH THE FOLLOWING ELEMENTS:

11 1. APPLICABLE DEFINITIONS FOR CHARACTER QUALITIES THAT INCLUDE AT LEAST
12 FIVE OF THE FOLLOWING ATTRIBUTES:

- 13 (a) ATTENTIVENESS.
- 14 (b) CARING.
- 15 (c) CITIZENSHIP.
- 16 (d) COMPASSION.
- 17 (e) DILIGENCE.
- 18 (f) DISCERNMENT.
- 19 (g) FORGIVENESS.
- 20 (h) GENEROSITY.
- 21 (i) GRATEFULNESS.
- 22 (j) INITIATIVE.
- 23 (k) ORDERLINESS.
- 24 (l) RESPECT.
- 25 (m) RESPONSIBILITY.
- 26 (n) SINCERITY.
- 27 (o) TRUSTWORTHINESS.
- 28 (p) VIRTUE.
- 29 (q) WISDOM.

30 2. ACTIVITIES THAT PROVIDE A FORUM FOR PRACTICAL APPLICATION AND AN
31 ENVIRONMENT IN WHICH CHARACTER-RELATED BEHAVIOR IS IDENTIFIED, RECOGNIZED AND
32 REINFORCED SUCH AS LITERATURE OR VISUAL MEDIA PRESENTATIONS OR DISCUSSION OF
33 CHARACTER VALUES AS THEY RELATE TO A SPECIFIC STORY.

34 3. STORIES FROM THE LIVES OF OUR NATION'S LEADERS, WHERE CHARACTER
35 QUALITIES ARE DEMONSTRATED.

36 4. MENTORS OR TEACHERS WHO DEMONSTRATE THE CHARACTER QUALITIES DEFINED
37 IN THE LESSONS PRESENTED.

38 5. PROVIDES MENTOR AND TEACHER TRAINING FOR PRAISING STUDENTS WHO
39 DEMONSTRATE SPECIFIC CHARACTER QUALITIES.

40 6. PROVIDES A PRECOURSE AND POSTCOURSE SURVEY OF PARENTS, TEACHERS AND
41 STUDENTS ON THEIR ASSESSMENT OF THE PROGRAM.

42 C. THE STATE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE PROGRAM AND
43 DISTRIBUTE THE STATE MATCHING GRANT MONIES.

1 D. THE STATE DEPARTMENT OF EDUCATION SHALL APPLY FOR ALL APPLICABLE
2 CHARACTER EDUCATION GRANTS FROM THE FEDERAL GOVERNMENT.

3 E. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2010
4 PURSUANT TO SECTION 41-3102.

5 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:
6 15-185. Charter schools; financing; definitions

7 A. Financial provisions for a charter school that is sponsored by a
8 school district governing board are as follows:

9 1. The charter school shall be included in the district's budget and
10 financial assistance calculations pursuant to paragraph 3 of this subsection
11 and chapter 9 of this title, except for chapter 9, article 4 of this title.
12 The charter of the charter school shall include a description of the methods
13 of funding the charter school by the school district. The school district
14 shall send a copy of the charter and application, including a description of
15 how the school district plans to fund the school, to the state board of
16 education before the start of the first fiscal year of operation of the
17 charter school. The charter or application shall include an estimate of the
18 student count for the charter school for its first fiscal year of
19 operation. This estimate shall be computed pursuant to the requirements of
20 paragraph 3 of this subsection.

21 2. A school district is not financially responsible for any charter
22 school that is sponsored by the state board of education or the state board
23 for charter schools.

24 3. A school district that sponsors a charter school may:

25 (a) Increase its student count as provided in subsection B, paragraph
26 2 of this section during the first year of the charter school's operation to
27 include those charter school pupils who were not previously enrolled in the
28 school district. A charter school sponsored by a school district governing
29 board is eligible for the assistance prescribed in subsection B, paragraph
30 5 of this section. The soft capital allocation as provided in section 15-962
31 for the school district sponsoring the charter school shall be increased by
32 the amount of the additional assistance. The school district shall include
33 the full amount of the additional assistance in the funding provided to the
34 charter school.

35 (b) Compute separate weighted student counts pursuant to section
36 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
37 school pupils in order to maintain eligibility for small school district
38 support level weights authorized in section 15-943, paragraph 1 for its
39 noncharter school pupils only. The portion of a district's student count
40 that is attributable to charter school pupils is not eligible for small
41 school district support level weights.

42 4. If a school district uses the provisions of paragraph 3 of this
43 subsection, the school district is not eligible to include those pupils in

1 its student count for the purposes of computing an increase in its revenue
2 control limit and district support level as provided in section 15-948.

3 5. A school district that sponsors a charter school is not eligible
4 to include the charter school pupils in its student count for the purpose of
5 computing an increase in its capital outlay revenue limit as provided in
6 section 15-961, subsection C, except that if the charter school was
7 previously a school in the district, the district may include in its student
8 count any charter school pupils who were enrolled in the school district in
9 the prior year.

10 6. A school district that sponsors a charter school is not eligible
11 to include the charter school pupils in its student count for the purpose of
12 computing the revenue control limit which is used to determine the maximum
13 budget increase as provided in chapter 4, article 4 of this title unless the
14 charter school is located within the boundaries of the school district.

15 7. If a school district converts one or more of its district public
16 schools to a charter school and receives assistance as prescribed in
17 subsection B, paragraph 5 of this section, and subsequently converts the
18 charter school back to a district public school, the school district shall
19 repay the state the total additional assistance received for the charter
20 school for all years that the charter school was in operation. The repayment
21 shall be in one lump sum and shall be reduced from the school district's
22 current year equalization assistance. The school district's general budget
23 limit shall be reduced by the same lump sum amount in the current year.

24 B. Financial provisions for a charter school that is sponsored by the
25 state board of education or the state board for charter schools are as
26 follows:

27 1. The charter school shall calculate a base support level as
28 prescribed in section 15-943, a capital outlay revenue limit as prescribed
29 in section 15-961 and a capital levy revenue limit as prescribed in section
30 15-962, except that sections 15-941 and 15-942 do not apply to these charter
31 schools.

32 2. Notwithstanding paragraph 1 of this subsection, the student count
33 shall be determined initially using an estimated student count based on
34 actual registration of pupils before the beginning of the school year. After
35 the first one hundred days or two hundred days in session, as applicable, the
36 charter school shall revise the student count to be equal to the actual
37 average daily membership, as defined in section 15-901, or the adjusted
38 average daily membership, as prescribed in section 15-902, of the charter
39 school. Before the one hundredth day or two hundredth day in session, as
40 applicable, the state board of education or the state board for charter
41 schools may require a charter school to report periodically regarding pupil
42 enrollment and attendance and the department of education may revise its
43 computation of equalization assistance based on the report. A charter school
44 shall revise its student count, base support level and additional assistance

1 before May 15. A charter school that overestimated its student count shall
2 revise its budget before May 15. A charter school that underestimated its
3 student count may revise its budget before May 15.

4 3. A charter school may utilize section 15-855 for the purposes of
5 this section. The charter school and the department of education shall
6 prescribe procedures for determining average daily attendance and average
7 daily membership.

8 4. Equalization assistance for the charter school shall be determined
9 by adding the amount of the base support level, the capital levy revenue
10 limit and the capital outlay revenue limit as calculated pursuant to this
11 section, and additional capital assistance calculated pursuant to section
12 15-185.01, subsection A. Equalization assistance is equal to the sum of the
13 base support level and the additional assistance. The amount of the
14 additional assistance is one thousand two hundred four dollars sixty-seven
15 cents per student count in kindergarten programs and grades one through eight
16 and one thousand four hundred four dollars one cent per student count in
17 grades nine through twelve.

18 5. The state board of education shall apportion state aid from the
19 appropriations made for such purposes to the state treasurer for disbursement
20 to the charter schools in each county in an amount as determined by this
21 paragraph. The apportionments shall be as follows:

22 (a) During the first year of operation:

23 (i) On July 1, one-third of the total amount to be apportioned during
24 the fiscal year.

25 (ii) On October 15, one-twelfth of the total amount to be apportioned
26 during the fiscal year.

27 (iii) On December 15, one-twelfth of the total amount to be
28 apportioned during the fiscal year.

29 (iv) On January 15, one-twelfth of the total amount to be apportioned
30 during the fiscal year.

31 (v) On February 15, one-twelfth of the total amount to be apportioned
32 during the fiscal year.

33 (vi) On March 15, one-twelfth of the total amount to be apportioned
34 during the fiscal year.

35 (vii) On April 15, one-twelfth of the total amount to be apportioned
36 during the fiscal year.

37 (viii) On May 15, one-twelfth of the total amount to be apportioned
38 during the fiscal year.

39 (ix) On June 15, one-twelfth of the total amount to be apportioned
40 during the fiscal year.

41 (b) During the second and subsequent years of operation, one-twelfth
42 of the total amount to be apportioned during the fiscal year on the fifteenth
43 day of each month of the school year.

1 6. Notwithstanding paragraph 6- 7 of this subsection, if sufficient
2 appropriated monies are available after the first forty days in session of
3 the current year, a charter school may request additional state monies to
4 fund the increased state aid due to anticipated student growth through the
5 first one hundred days or two hundred days in session, as applicable, of the
6 current year as provided in section 15-948. In no event shall a charter
7 school have received more than three-fourths of its total apportionment
8 before April 15 of the fiscal year. Early payments pursuant to this
9 subsection must be approved by the state treasurer, the director of the
10 department of administration and the superintendent of public instruction.

11 7. The charter school shall not charge tuition, levy taxes or issue
12 bonds.

13 8. Not later than noon on the day preceding each apportionment date
14 established by ~~section 15-185, subsection B, paragraph 6~~ PARAGRAPH 5 OF THIS
15 SUBSECTION, the superintendent of public instruction shall furnish to the
16 state treasurer an abstract of the apportionment and shall certify the
17 apportionment to the department of administration, which shall draw its
18 warrant in favor of the charter schools for the amount apportioned.

19 C. If a pupil is enrolled in both a charter school and a public school
20 that is not a charter school, the sum of the daily membership, which includes
21 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
22 subdivisions (a) and (b) and daily attendance as prescribed in section
23 15-901, subsection A, paragraph 6, for that pupil in the school district and
24 the charter school shall not exceed 1.0. If the pupil is enrolled in both
25 a charter school and a public school that is not a charter school and the sum
26 of the daily membership or daily attendance for that pupil is greater than
27 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the
28 public school and the charter school based on the percentage of total time
29 that the pupil is enrolled or in attendance in the public school and the
30 charter school. The uniform system of financial records shall include
31 guidelines for the apportionment of the pupil enrollment and attendance as
32 provided in this section.

33 D. Charter schools are allowed to accept grants and gifts to
34 supplement their state funding, but it is not the intent of the charter
35 school law to require taxpayers to pay twice to educate the same pupils. The
36 base support level for a charter school or for a school district sponsoring
37 a charter school shall be reduced by an amount equal to the total amount of
38 monies received by a charter school from a federal or state agency if the
39 federal or state monies are intended for the basic maintenance and operations
40 of the school. The superintendent of public instruction shall estimate the
41 amount of the reduction for the budget year and shall revise the reduction
42 to reflect the actual amount before May 15 of the current year. If the
43 reduction results in a negative amount, the negative amount shall be used in
44 computing all budget limits and equalization assistance, except that:

1 1. Equalization assistance shall not be less than zero.

2 2. For a charter school sponsored by the state board of education or
3 the state board for charter schools, the total of the base support level, the
4 capital outlay revenue limit, the capital levy revenue limit and the
5 additional assistance shall not be less than zero.

6 3. For a charter school sponsored by a school district, the base
7 support level for the school district shall not be reduced by more than the
8 amount that the charter school increased the district's base support level,
9 capital outlay revenue limit, capital levy revenue limit and soft capital
10 allocation.

11 E. If a charter school was a district public school in the prior year
12 and is now being operated for or by the same school district and sponsored
13 by the state board of education, the state board for charter schools or a
14 school district governing board, the reduction in subsection D of this
15 section applies. The reduction to the base support level of the charter
16 school or the sponsoring district of the charter school shall equal the sum
17 of the base support level and the additional assistance received in the
18 current year for those pupils who were enrolled in the traditional public
19 school in the prior year and are now enrolled in the charter school in the
20 current year.

21 F. Notwithstanding subsection B, paragraph 5 of this section,
22 equalization assistance for charter schools shall be provided as a single
23 amount based on average daily membership without categorical distinctions
24 between maintenance and operations or capital.

25 G. At the request of a charter school, the county school
26 superintendent of the county where the charter school is located may provide
27 the same educational services to the charter school as prescribed in section
28 15-308, subsection A. The county school superintendent may charge a fee to
29 recover costs for providing educational services to charter schools.

30 H. A CHARTER SCHOOL MAY RECEIVE AND SPEND MONIES DISTRIBUTED BY THE
31 DEPARTMENT OF EDUCATION PURSUANT TO SECTION 42-5029, SUBSECTION E AND SECTION
32 37-521, SUBSECTION B.

33 I. For the purposes of this section:

34 1. "Monies intended for the basic maintenance and operations of the
35 school" means monies intended to provide support for the educational program
36 of the school, except that it does not include supplemental assistance for
37 a specific purpose or P.L. 81-874 monies. The auditor general shall
38 determine which federal or state monies meet the definition in this
39 subsection.

40 2. "Operated for or by the same school district" means the charter
41 school is either governed by the same district governing board or operated
42 by the district in the same manner as other traditional schools in the
43 district or is operated by an independent party being contracted with by the

1 school district. The auditor general and the department of education shall
2 determine which charter schools meet the definition in this subsection.

3 Sec. 3. Title 15, chapter 2, article 2, Arizona Revised Statutes, is
4 amended by adding section 15-241, to read:

5 15-241. School accountability: failing schools

6 A. THE DEPARTMENT OF EDUCATION SHALL COMPILE AN ANNUAL ACHIEVEMENT
7 PROFILE FOR EACH PUBLIC SCHOOL CONSISTING OF:

- 8 1. ARIZONA INSTRUMENT TO MEASURE STANDARDS SCORES AND PASSAGE RATES.
9 2. ADEQUATE YEARLY PROGRESS DATA.
10 3. DROPOUT RATE.

11 B. EACH SCHOOL SHALL SUBMIT TO THE DEPARTMENT ANY DATA THAT IS
12 REQUIRED AND REQUESTED AND THAT IS NECESSARY TO COMPILE THE ACHIEVEMENT
13 PROFILE. A SCHOOL THAT FAILS TO SUBMIT THE INFORMATION THAT IS NECESSARY IS
14 NOT ELIGIBLE TO RECEIVE MONIES FROM THE CLASSROOM SITE FUND ESTABLISHED BY
15 SECTION 15-977.

16 C. THE DEPARTMENT SHALL ESTABLISH A BASELINE ACHIEVEMENT PROFILE FOR
17 EACH SCHOOL BY OCTOBER 15, 2001 BASED ON THE ACHIEVEMENT OF PUPILS
18 CONTINUOUSLY ENROLLED IN THE SCHOOL DURING THE 1999-2000 SCHOOL YEAR IN THE
19 CATEGORIES PRESCRIBED IN SUBSECTION A OF THIS SECTION. THE BASELINE
20 ACHIEVEMENT PROFILE SHALL BE USED TO DETERMINE A STANDARD MEASUREMENT OF
21 ACCEPTABLE STUDENT PROGRESS AT THE SCHOOL. ANY DISCLOSURE OF EDUCATIONAL
22 RECORDS COMPILED BY THE DEPARTMENT OF EDUCATION PURSUANT TO THIS SECTION
23 SHALL COMPLY WITH THE FAMILY EDUCATIONAL AND PRIVACY RIGHTS ACT OF 1974 (20
24 UNITED STATES CODE SECTION 1232g).

25 D. A SCHOOL IN WHICH:

26 1. THE PERCENTAGE OF PUPILS WHO ARE CONTINUOUSLY ENROLLED IN THE
27 SCHOOL AND WHO PASS THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IS AT
28 LEAST NINETY PER CENT, OR IS HIGHER THAN THE PERCENTAGE FOR THE PREVIOUS
29 SCHOOL YEAR, IS DEEMED TO HAVE DEMONSTRATED ADEQUATE YEARLY PROGRESS IN THIS
30 AREA.

31 2. THE PERCENTAGE OF PUPILS WHO ARE CONTINUOUSLY ENROLLED IN THE
32 SCHOOL AND WHO PROGRESS ONE YEAR OR MORE DURING THE SCHOOL YEAR IS AT LEAST
33 NINETY PER CENT, OR IS HIGHER THAN THE PERCENTAGE FOR THE PREVIOUS SCHOOL
34 YEAR, IS DEEMED TO HAVE DEMONSTRATED ADEQUATE YEARLY PROGRESS IN THIS AREA.

35 3. THE DROPOUT RATE IS SIX PER CENT OR LESS, OR IS LOWER THAN THE
36 DROPOUT RATE FOR THE PREVIOUS SCHOOL YEAR, IS DEEMED TO HAVE DEMONSTRATED
37 ADEQUATE YEARLY PROGRESS IN THIS AREA.

38 E. IF A SCHOOL FAILS TO ANNUALLY PRODUCE ACCEPTABLE PROGRESS IN EACH
39 AREA, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL DESIGNATE THE SCHOOL AS
40 AN UNDERPERFORMING SCHOOL, AND THAT INFORMATION SHALL BE REPORTED ON THE
41 SCHOOL REPORT CARD FOR THAT SCHOOL.

42 F. IF A SCHOOL IS DESIGNATED AS AN UNDERPERFORMING SCHOOL, THE
43 GOVERNING BOARD, WITHIN THIRTY DAYS OF RECEIVING NOTICE OF THE DESIGNATION,
44 SHALL PROVIDE WRITTEN NOTIFICATION OF THIS FACT TO EACH RESIDENCE WITHIN THE

1 ATTENDANCE AREA OF THE SCHOOL. THE WRITTEN NOTIFICATION SHALL INCLUDE A
2 DETAILED DESCRIPTION OF THE ACHIEVEMENT AREA IN WHICH THE SCHOOL FAILED TO
3 DEMONSTRATE ACCEPTABLE PROGRESS.

4 G. IF A SCHOOL IS DESIGNATED AS AN UNDERPERFORMING SCHOOL, WITHIN
5 NINETY DAYS AFTER RECEIVING NOTICE OF THE DESIGNATION, THE GOVERNING BOARD
6 SHALL DEVELOP AN IMPROVEMENT PLAN FOR THE SCHOOL, SUBMIT A COPY OF THE PLAN
7 TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SUPERVISE THE IMPLEMENTATION
8 OF THE PLAN. WITHIN THIRTY DAYS AFTER SUBMITTING THE IMPROVEMENT PLAN TO THE
9 SUPERINTENDENT OF PUBLIC INSTRUCTION, THE GOVERNING BOARD SHALL HOLD A
10 SPECIAL PUBLIC MEETING IN EACH SCHOOL THAT HAS BEEN DESIGNATED AS AN
11 UNDERPERFORMING SCHOOL AND SHALL PRESENT THE RESPECTIVE IMPROVEMENT PLANS
12 THAT HAVE BEEN DEVELOPED FOR EACH SCHOOL.

13 H. IF A SCHOOL REMAINS AN UNDERPERFORMING SCHOOL IN THE SAME
14 ACHIEVEMENT AREA FOR A SECOND CONSECUTIVE YEAR, THE SUPERINTENDENT OF PUBLIC
15 INSTRUCTION SHALL DESIGNATE THE SCHOOL AS A FAILING SCHOOL. THAT DESIGNATION
16 SHALL BE REPORTED ON THE SCHOOL REPORT CARD FOR THAT SCHOOL AND EITHER:

17 1. THE SUPERINTENDENT OF PUBLIC INSTRUCTION, BASED ON NEED, SHALL
18 ASSIGN AN INSTRUCTIONAL TROUBLE SOLUTIONS TEAM TO THE SCHOOL COMPRISED OF
19 MASTER TEACHERS, FISCAL ANALYSTS AND CURRICULUM ASSESSMENT EXPERTS WHO ARE
20 CERTIFIED BY THE STATE BOARD OF EDUCATION AS ARIZONA ACADEMIC STANDARDS
21 TECHNICIANS. THE DEPARTMENT OF EDUCATION MAY HIRE OR CONTRACT WITH
22 ADMINISTRATORS, PRINCIPALS AND TEACHERS WHO HAVE DEMONSTRATED EXPERIENCE WITH
23 THE CHARACTERISTICS AND SITUATIONS IN THE FAILING SCHOOL AND MAY USE THESE
24 PERSONNEL AS PART OF THE TROUBLE SOLUTIONS TEAM. THE TEAM SHALL WORK WITH
25 STAFF AT THE SCHOOL TO ASSIST IN CURRICULA ALIGNMENT AND SHALL INSTRUCT
26 TEACHERS ON HOW TO INCREASE PUPIL ACADEMIC PROGRESS, CONSIDERING THE SCHOOL'S
27 ACHIEVEMENT PROFILE. THE TEAM SHALL SELECT TWO MASTER TEACHERS TO BE
28 EMPLOYED BY THE SCHOOL.

29 2. PUPILS MAY SELECT AN ALTERNATIVE TUTORING PROGRAM IN ACADEMIC
30 STANDARDS FROM A PROVIDER THAT IS CERTIFIED BY THE STATE BOARD OF EDUCATION.
31 TO QUALIFY, THE PROVIDER MUST GUARANTEE IN WRITING A STATED LEVEL OF ACADEMIC
32 IMPROVEMENT FOR THE PUPIL THAT INCLUDES A TIMELINE FOR IMPROVEMENT THAT IS
33 AGREED TO BY THE PARENT OR GUARDIAN OF THE PUPIL AND THE PROVIDER SHALL AGREE
34 TO REFUND TO THE STATE THE STANDARDS ASSISTANCE GRANT MONIES IF THE
35 GUARANTEED LEVEL OF ACADEMIC IMPROVEMENT IS NOT MET. THE PARENT OR THE
36 GUARDIAN OF THE PUPIL MAY APPLY, EITHER TO THE SCHOOL DISTRICT OR THE
37 DEPARTMENT OF EDUCATION, IN A MANNER DETERMINED BY THE DEPARTMENT OF
38 EDUCATION FOR REIMBURSEMENT FROM THE FAILING SCHOOLS TUTORING FUND
39 ESTABLISHED BY THIS SECTION. THE SCHOOL MAY APPLY TO THE DEPARTMENT OF
40 EDUCATION FOR GRANTS FROM THE FUNDS PROVIDED PURSUANT TO SECTION 42-5029,
41 SUBSECTION E, PARAGRAPH 6 TO PROVIDE SUPPLEMENTAL INSTRUCTION.

42 I. IF A SCHOOL IS DESIGNATED AS A FAILING SCHOOL, THE GOVERNING BOARD
43 SHALL:

1 1. WITHIN THIRTY DAYS OF RECEIVING NOTIFICATION OF THIS DESIGNATION,
2 PROVIDE WRITTEN NOTIFICATION OF THIS FACT TO EACH RESIDENCE WITHIN THE
3 ATTENDANCE AREA OF THE SCHOOL. THE WRITTEN NOTIFICATION SHALL INCLUDE A
4 DETAILED DESCRIPTION OF THE ACHIEVEMENT AREA IN WHICH THE SCHOOL FAILED TO
5 DEMONSTRATE ADEQUATE YEARLY PROGRESS.

6 2. WITHIN SIXTY DAYS OF RECEIVING NOTIFICATION OF THIS DESIGNATION,
7 DEVELOP AN IMPROVEMENT PLAN FOR THE SCHOOL, SUBMIT A COPY OF THE PLAN TO THE
8 SUPERINTENDENT OF PUBLIC INSTRUCTION AND SUPERVISE THE IMPLEMENTATION OF THE
9 PLAN. WITHIN THIRTY DAYS AFTER SUBMITTING THE IMPROVEMENT PLAN TO THE
10 DEPARTMENT OF EDUCATION, THE GOVERNING BOARD SHALL HOLD A PUBLIC MEETING IN
11 EACH SCHOOL THAT HAS BEEN DESIGNATED AS A FAILING SCHOOL AND SHALL PRESENT
12 THE RESPECTIVE IMPROVEMENT PLANS THAT HAVE BEEN DEVELOPED FOR EACH PERIOD.

13 J. IF THERE ARE MORE THAN TWO SCHOOLS IN A DISTRICT AND MORE THAN
14 ONE-HALF, OR IN ANY CASE MORE THAN FIVE, SCHOOLS IN THE DISTRICT ARE
15 DESIGNATED AS FAILING SCHOOLS FOR MORE THAN TWO CONSECUTIVE YEARS, IN THE
16 NEXT ELECTION OF MEMBERS OF THE GOVERNING BOARD THE ELECTION BALLOT SHALL
17 CONTAIN THE FOLLOWING STATEMENT IMMEDIATELY ABOVE THE LISTING OF GOVERNING
18 BOARD CANDIDATES:

19 WITHIN THE LAST FIVE YEARS, (NUMBER OF SCHOOLS) SCHOOLS IN THE
20 SCHOOL DISTRICT HAVE BEEN DESIGNATED AS "FAILING
21 SCHOOLS" BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION.

22 K. IF A CHARTER SCHOOL IS DESIGNATED AS A FAILING SCHOOL, THE
23 DEPARTMENT OF EDUCATION SHALL IMMEDIATELY NOTIFY THE CHARTER SCHOOL'S
24 SPONSOR. THE CHARTER SCHOOL'S SPONSOR SHALL EITHER TAKE ACTION TO RESTORE
25 THE CHARTER SCHOOL TO ACCEPTABLE PERFORMANCE OR REVOKE THE CHARTER SCHOOL'S
26 CHARTER.

27 L. AT LEAST TWICE EACH YEAR THE DEPARTMENT OF EDUCATION SHALL PUBLISH
28 IN A NEWSPAPER OF GENERAL CIRCULATION IN EACH COUNTY OF THIS STATE A LIST OF
29 SCHOOLS THAT ARE DESIGNATED AS FAILING SCHOOLS.

30 M. THE FAILING SCHOOLS TUTORING FUND IS ESTABLISHED CONSISTING OF
31 MONIES COLLECTED PURSUANT TO SECTION 42-5029, SUBSECTION E AS DESIGNATED FOR
32 THIS PURPOSE. THE DEPARTMENT OF EDUCATION SHALL ADMINISTER THE FUND.

33 Sec. 4. Section 15-271, Arizona Revised Statutes, is amended to read:

34 15-271. Duties of auditor general for uniform financial records
35 system; annual report

36 A. The auditor general shall determine the accounting systems,
37 accounting methods and accounting procedures for utilization by school
38 districts.

39 B. The auditor general in conjunction with the department of education
40 shall prescribe a uniform system of financial records for utilization by all
41 school districts each fiscal year.

42 C. The uniform system of financial records prescribed by the auditor
43 general shall:

- 1 1. Provide for adjustment in consideration of existing capabilities
- 2 available at a reasonable cost to school districts.
- 3 2. Allow schools to maintain necessary records at a minimum cost.
- 4 3. Prescribe guidelines applicable to procurement practices for use
- 5 by school districts for amounts less than those prescribed in section 15-213,
- 6 subsection A.
- 7 4. Prescribe methods for the apportionment of revenues, including
- 8 apportionment of various revenues to maintenance and operations, capital
- 9 outlay and adjacent ways.
- 10 5. PRESCRIBE METHODS FOR THE APPORTIONMENT OF REVENUES IN EXCESS OF
- 11 THE REVENUE CONTROL LIMIT IN THE SAME MANNER AS THE REVENUES IN PARAGRAPH 4.
- 12 ~~5-~~ 6. Prescribe guidelines for the apportionment of the pupil
- 13 enrollment and attendance as provided in section 15-808, subsection F.
- 14 ~~6-~~ 7. Provide the department of education, the auditor general, the
- 15 governor and the legislature with sufficient uniform information to assist
- 16 in determining equitable distribution of state aid to school districts.
- 17 ~~7-~~ 8. Provide information including at a minimum:
- 18 (a) The student count and maintenance and operation expenditures with
- 19 separate subsections for regular education programs, special education
- 20 programs and operating expenditures for pupil transportation.
- 21 (b) Capital outlay expenditures.
- 22 (c) Debt service and special projects of all school districts.
- 23 D. The auditor general shall inform any school district which fails
- 24 to establish and maintain the uniform system of financial records and shall
- 25 detail in writing the deficiencies of the school district system giving the
- 26 district ninety days to correct the deficiencies.
- 27 E. The auditor general shall report to the department of education any
- 28 school district which either fails to establish and maintain the uniform
- 29 system of financial records prescribed by the auditor general or fails to
- 30 correct deficiencies in the system within ninety days after receiving notice
- 31 of the deficiencies.
- 32 F. A school district may but shall not be required to maintain or
- 33 provide financial records other than those prescribed by the auditor general.
- 34 Sec. 5. Title 15, chapter 3, article 3, Arizona Revised Statutes, is
- 35 amended by adding section 15-341.01, to read:
- 36 15-341.01. One hundred eighty day school year
- 37 A. NOTWITHSTANDING ANY OTHER LAW, SCHOOL INSTRUCTION SHALL BE
- 38 CONDUCTED IN EACH PUBLIC SCHOOL IN THIS STATE FOR SCHOOL SESSIONS THAT TOTAL
- 39 AT LEAST ONE HUNDRED EIGHTY DAYS EACH SCHOOL YEAR. THE SUPERINTENDENT OF
- 40 PUBLIC INSTRUCTION SHALL CAUSE ALL RELEVANT SCHOOL FUNDING FORMULAS TO BE
- 41 ADJUSTED TO REFLECT INSTRUCTION ON THE ONE HUNDRED EIGHTY DAYS' EQUIVALENCY.
- 42 THE DEPARTMENT OF EDUCATION SHALL ADJUST THE AMOUNT OF STATE AID DISTRIBUTED
- 43 TO SCHOOL DISTRICTS PURSUANT TO SECTION 15-971 TO CORRESPOND TO THE INCREASED
- 44 NUMBER OF SCHOOL DAYS PRESCRIBED BY THIS SECTION.

1 B. THE LEGISLATIVE COUNCIL SHALL PREPARE DRAFT LEGISLATION THAT
2 CONFORMS THE STATUTES AND FURTHERS THE PURPOSES OF THIS SECTION PURSUANT TO
3 ARTICLE IV, PART 1, SECTION 1, CONSTITUTION OF ARIZONA.

4 Sec. 6. Section 15-342, Arizona Revised Statutes, is amended to read:
5 15-342. Discretionary powers

6 The governing board may:

7 1. Expel pupils for misconduct.

8 2. Exclude from grades one through eight children under six years of
9 age.

10 3. Make such separation of groups of pupils as it deems advisable.

11 4. Maintain such special schools during vacation as deemed necessary
12 for the benefit of the pupils of the school district.

13 5. Permit a superintendent or principal or representatives of the
14 superintendent or principal to travel for a school purpose, as determined by
15 a majority vote of the board. The board may permit members and members-elect
16 of the board to travel within or without the school district for a school
17 purpose and receive reimbursement. Any expenditure for travel and
18 subsistence pursuant to this paragraph shall be as provided in title 38,
19 chapter 4, article 2. The designated post of duty referred to in section
20 38-621 shall be construed, for school district governing board members, to
21 be the member's actual place of residence, as opposed to the school district
22 office or the school district boundaries. Such expenditures shall be a
23 charge against the budgeted school district funds. The governing board of
24 a school district shall prescribe procedures and amounts for reimbursement
25 of lodging and subsistence expenses. Reimbursement amounts shall not exceed
26 the maximum amounts established pursuant to section 38-624, subsection C.

27 6. Construct or provide in rural districts housing facilities for
28 teachers and other school employees which the board determines are necessary
29 for the operation of the school.

30 7. Sell or lease to the state, A county, A city or a tribal government
31 agency, any school property required for a public purpose, provided the sale
32 or lease of the property will not affect the normal operations of a school
33 within the school district.

34 8. Annually budget and expend funds for membership in an association
35 of school districts within this state.

36 9. Enter into leases or lease-purchase agreements for school buildings
37 or grounds, or both, as lessor or as lessee, for periods of less than five
38 years subject to voter approval for construction of school buildings as
39 prescribed in section 15-341, subsection A, paragraph 8.

40 10. Subject to chapter 16 of this title, sell school sites or enter
41 into leases or lease-purchase agreements for school buildings and grounds,
42 as lessor or as lessee, for a period of five years or more, but not to exceed
43 ninety-nine years, if authorized by a vote of the school district electors
44 in an election called by the governing board as provided in section 15-491,

1 except that authorization by the school district electors in an election is
2 not required if either:

3 (a) The market value of the school property is less than fifty
4 thousand dollars.

5 (b) The transaction involves the sale of improved or unimproved
6 property pursuant to a formally adopted plan and the school district uses the
7 proceeds of this sale to purchase other property that will be used for
8 similar purposes as the property that was originally sold, provided that the
9 sale proceeds of the improved or unimproved property are used within two
10 years after the date of the original sale to purchase the replacement
11 property. If the sale proceeds of the improved or unimproved property are
12 not used within two years after the date of the original sale to purchase
13 replacement property, the sale proceeds shall be used towards payment of any
14 outstanding bonded indebtedness. If any sale proceeds remain after paying
15 for outstanding bonded indebtedness, or if the district has no outstanding
16 bonded indebtedness, sale proceeds shall be used to reduce the district's
17 primary tax levy. A school district shall not use the provisions of this
18 subdivision unless all of the following conditions exist:

19 (i) The school district is the sole owner of the improved or
20 unimproved property that the school district intends to sell.

21 (ii) The school district did not purchase the improved or unimproved
22 property that the school district intends to sell with monies that were
23 distributed pursuant to chapter 16 of this title.

24 (iii) ~~The transaction shall not result in a violation of~~ DOES NOT
25 VIOLATE section 15-341, subsection F- G.

26 11. Review the decision of a teacher to promote a pupil to a grade or
27 retain a pupil in a grade in a common school or to pass or fail a pupil in
28 a course in high school. THE PUPIL HAS THE BURDEN OF PROOF TO OVERTURN THE
29 DECISION OF A TEACHER TO PROMOTE, RETAIN, PASS OR FAIL THE PUPIL. IN ORDER
30 TO SUSTAIN THE BURDEN OF PROOF, THE PUPIL SHALL DEMONSTRATE TO THE GOVERNING
31 BOARD THAT THE PUPIL HAS MASTERED THE ACADEMIC STANDARDS ADOPTED BY THE STATE
32 BOARD OF EDUCATION PURSUANT TO SECTIONS 15-701 AND 15-701.01. IF THE
33 GOVERNING BOARD OVERTURNS THE DECISION OF A TEACHER PURSUANT TO THIS
34 PARAGRAPH, THE GOVERNING BOARD SHALL ADOPT A WRITTEN FINDING THAT THE PUPIL
35 HAS MASTERED THE ACADEMIC STANDARDS. Notwithstanding title 38, chapter 3,
36 article 3.1, the governing board shall review the decision of a teacher to
37 promote a pupil to a grade or retain a pupil in a grade in a common school
38 or to pass or fail a pupil in a course in high school in executive session
39 unless a parent or legal guardian of the pupil or the pupil, if emancipated,
40 disagrees that the review should be conducted in executive session and then
41 the review shall be conducted in an open meeting. If the review is conducted
42 in executive session, the board shall notify the teacher of the date, time
43 and place of the review and shall allow the teacher to be present at the
44 review. If the teacher is not present at the review, the board shall consult

1 with the teacher before making its decision. Any request, including the
2 written request as provided in section 15-341, the written evidence presented
3 at the review and the written record of the review, including the decision
4 of the governing board to accept or reject the teacher's decision, shall be
5 retained by the governing board as part of its permanent records.

6 12. Provide transportation or site transportation loading and unloading
7 areas for any child or children if deemed for the best interest of the
8 district, whether within or without the district, county or state.

9 13. Enter into intergovernmental agreements and contracts with school
10 districts or other governing bodies as provided in section 11-952.

11 14. Include in the curricula which it prescribes for high schools in
12 the school district vocational and technological education programs and
13 vocational and technological program improvement services for the high
14 schools, subject to approval by the state board of education. The governing
15 board may contract for the provision of vocational and technological
16 education as provided in section 15-789.

17 15. Suspend a teacher or administrator from his duties without pay for
18 a period of time of not to exceed ten school days, if the board determines
19 that suspension is warranted pursuant to section 15-341, subsection A,
20 paragraphs 23 and 24.

21 16. Dedicate school property within an incorporated city or town to
22 such city or town or within a county to that county for use as a public
23 right-of-way if both of the following apply:

24 (a) Pursuant to an ordinance adopted by such city, town or county,
25 there will be conferred upon the school district privileges and benefits
26 which may include benefits related to zoning.

27 (b) The dedication will not affect the normal operation of any school
28 within the district.

29 17. Enter into option agreements for the purchase of school sites.

30 18. Donate surplus or outdated learning materials to nonprofit
31 community organizations where the governing board determines that the
32 anticipated cost of selling the learning materials equals or exceeds the
33 estimated market value of the materials.

34 19. Prescribe policies for the assessment of reasonable fees for
35 students to use district-provided parking facilities. The fees are to be
36 applied by the district solely against costs incurred in operating or
37 securing the parking facilities. Any policy adopted by the governing board
38 pursuant to this paragraph shall include a fee waiver provision in
39 appropriate cases of need or economic hardship.

40 20. Establish alternative educational programs that are consistent with
41 the laws of this state to educate pupils, including pupils who have been
42 reassigned pursuant to section 15-841, subsection E or F.

43 21. Require a period of silence to be observed at the commencement of
44 the first class of the day in the schools. If a governing board chooses to

1 require a period of silence to be observed, the teacher in charge of the room
2 in which the first class is held shall announce that a period of silence not
3 to exceed one minute in duration will be observed for meditation, and during
4 that time no activities shall take place and silence shall be maintained.

5 22. Require students to wear uniforms.

6 23. Exchange unimproved property or improved property, including school
7 sites, where the governing board determines that the improved property is
8 unnecessary for the continued operation of the school district without
9 requesting authorization by a vote of the school district electors if the
10 governing board determines that the exchange is necessary to protect the
11 health, safety or welfare of pupils or when the governing board determines
12 that the exchange is based on sound business principles for either:

13 (a) Unimproved or improved property of equal or greater value.

14 (b) Unimproved property that the owner contracts to improve if the
15 value of the property ultimately received by the school district is of equal
16 or greater value.

17 24. For common and high school pupils, assess reasonable fees for
18 optional extracurricular activities and programs conducted when the common
19 or high school is not in session, except that no fees shall be charged for
20 pupils' access to or use of computers or related materials. For high school
21 pupils, the governing board may assess reasonable fees for fine arts and
22 vocational education courses and for optional services, equipment and
23 materials offered to the pupils beyond those required to successfully
24 complete the basic requirements of any other course, except that no fees
25 shall be charged for pupils' access to or use of computers or related
26 materials. Fees assessed pursuant to this paragraph shall be adopted at a
27 public meeting after notice has been given to all parents of pupils enrolled
28 at schools in the district and shall not exceed the actual costs of the
29 activities, programs, services, equipment or materials. The governing board
30 shall authorize principals to waive the assessment of all or part of a fee
31 assessed pursuant to this paragraph if it creates an economic hardship for
32 a pupil. For the purposes of this paragraph, "extracurricular activity"
33 means any optional, noncredit, educational or recreational activity which
34 supplements the education program of the school, whether offered before,
35 during or after regular school hours.

36 25. Notwithstanding section 15-341, subsection A, paragraphs 8 and 10,
37 construct school buildings and purchase school sites, without a vote of the
38 school district electors, if the buildings and sites are totally funded from
39 one or more of the following:

40 (a) Monies in the unrestricted capital outlay fund, except that the
41 estimated cost shall not exceed two hundred fifty thousand dollars for a
42 district that utilizes the provisions of section 15-949.

43 (b) Monies distributed from the school facilities board established
44 by section 15-2001.

1 (c) Monies specifically donated for the purpose of constructing school
2 buildings.

3 Nothing in this paragraph shall be construed to eliminate the requirement for
4 an election to raise revenues for a capital outlay override pursuant to
5 section 15-481 or a bond election pursuant to section 15-491.

6 26. Conduct a background investigation that includes a fingerprint
7 check conducted pursuant to section 41-1750, subsection G for certificated
8 personnel and personnel who are not paid employees of the school district,
9 as a condition of employment. A school district may release the results of
10 a background check to another school district for employment purposes. The
11 school district may charge the costs of fingerprint checks to its
12 fingerprinted employee, except that the school district may not charge the
13 costs of fingerprint checks for personnel who are not paid employees of the
14 school district.

15 27. Sell advertising space on the exterior of school buses as follows:

16 (a) Advertisements shall be age appropriate and not contain promotion
17 of any substance that is illegal for minors such as alcohol, tobacco and
18 drugs or gambling. Advertisements shall comply with the state sex education
19 policy of abstinence.

20 (b) Advertising approved by the governing board may appear only on the
21 sides of the bus in the following areas:

22 (i) The signs shall be below the seat level rub rail and not extend
23 above the bottom of the side windows.

24 (ii) The signs shall be at least three inches from any required
25 lettering, lamp, wheel well or reflector behind the service door or stop
26 signal arm.

27 (iii) The signs shall not extend from the body of the bus so as to
28 allow a handhold or present a danger to pedestrians.

29 (iv) The signs shall not interfere with the operation of any door or
30 window.

31 (v) The signs shall not be placed on any emergency doors.

32 (c) Establish a school bus advertisement fund that is comprised of
33 revenues from the sale of advertising space on school buses. The monies in
34 a school bus advertisement fund are not subject to reversion and shall be
35 used for the following purposes:

36 (i) To comply with the energy conservation measures prescribed in
37 section 15-349 in school districts that are in area A as defined in section
38 49-541, and any remaining monies shall be used to purchase alternative fuel
39 support vehicles and any other pupil related costs as determined by the
40 governing board.

41 (ii) For any pupil related costs as determined by the governing board
42 in school districts not subject to the provisions of item (i) of this
43 subdivision.

1 28. Assess reasonable damage deposits to pupils in grades seven through
2 twelve for the use of textbooks, musical instruments, band uniforms or other
3 equipment required for academic courses. The governing board shall adopt
4 policies on any damage deposits assessed pursuant to this paragraph at a
5 public meeting called for this purpose after providing notice to all parents
6 of pupils in grades seven through twelve in the school district. Principals
7 of individual schools within the district may waive the damage deposit
8 requirement for any textbook or other item if the payment of the damage
9 deposit would create an economic hardship for the pupil. The school district
10 shall return the full amount of the damage deposit for any textbook or other
11 item if the pupil returns the textbook or other item in reasonably good
12 condition within the time period prescribed by the governing board. For the
13 purposes of this paragraph, "in reasonably good condition" means the textbook
14 or other item is in the same or a similar condition as it was when the pupil
15 received it, plus ordinary wear and tear.

16 Sec. 7. Section 15-502, Arizona Revised Statutes, is amended to read:
17 15-502. Employment of school district personnel; payment of
18 wages of discharged employee

19 A. The governing board may at any time employ and fix the salaries and
20 benefits of employees necessary for the succeeding year. The contracts of
21 all certificated employees shall be in writing, and all employees shall be
22 employed subject to the provisions of section 38-481.

23 B. A teacher shall not be employed if the teacher has not received a
24 certificate for teaching granted by the proper authorities. If a teacher has
25 filed an application and completed all of the requirements for a certificate
26 but time does not allow a teacher to receive a certificate before the
27 commencement of employment, the conditional certificate shall serve as a
28 certificate for the payment of wages, provided that the teacher files the
29 conditional certificate with the county school superintendent and the
30 certificate is issued within three months of the date of commencing
31 employment. In order to be paid wages beyond the three month period
32 prescribed in this subsection, the teacher shall file the certificate with
33 the county school superintendent. Any contract issued to a teacher who has
34 completed certificate requirements but has not received a certificate shall
35 be specifically contingent upon receipt of such a certificate. The governing
36 board of a school district that is subject to section 15-914.01 shall adhere
37 to the duties described in section 15-302, paragraph 9 for purposes of this
38 subsection.

39 C. No dependent, as defined in section 43-1001, of a governing board
40 member may be employed in the school district in which the person to whom
41 such dependent is so related is a governing board member, except by consent
42 of the board.

43 D. The governing board may employ certificated teachers under contract
44 as part-time classroom teachers. Notwithstanding any other statute, a

1 certificated teacher who has been employed by the school district for more
2 than the major portion of three consecutive school years does not lose the
3 entitlement to the procedures prescribed in sections 15-538.01, 15-539
4 through 15-544 and 15-547 if the teacher is employed under contract on a
5 part-time basis for at least forty per cent time. As used in this
6 subsection, "forty per cent time" means employed for at least forty per cent
7 of the school day required of full-time teachers of the same grade level or
8 for at least forty per cent of the class load assigned to full-time teachers
9 of the same grade level, as determined by the governing board.

10 E. Notwithstanding sections 23-351 and 23-353, if an employee is
11 discharged from the service of a school district, the school district shall
12 pay the wages due to the employee within ten calendar days from the date of
13 discharge.

14 F. EACH SCHOOL DISTRICT SHALL ESTABLISH POLICIES AND PROCEDURES TO
15 PROVIDE TEACHERS WITH PERSONAL LIABILITY INSURANCE.

16 Sec. 8. Section 15-741, Arizona Revised Statutes, is amended to read:
17 15-741. Assessment of pupils

18 A. The state board of education shall:

19 1. Adopt rules for purposes of this article pursuant to title 41,
20 chapter 6.

21 2. Adopt and implement an Arizona instrument to measure standards
22 tests TEST to measure pupil achievement of the state board adopted academic
23 standards in reading, writing, and mathematics in at least four
24 grades designated by the board. The board shall determine the manner of
25 implementation. The board may administer assessments of the academic
26 standards in social studies and science. Prior to the administration of the
27 tests to pupils and following the statewide piloting of the tests, the board
28 shall approve, at a public meeting, the Arizona instrument to measure
29 standards test.

30 3. Adopt and implement a statewide nationally standardized
31 norm-referenced achievement test for grades three through twelve in reading,
32 language arts and mathematics. The tests shall be consistent with the state
33 standards and shall be administered during the spring of each year between
34 April 1 and May 1.

35 4. Ensure that the tests prescribed in this section are uniform
36 throughout the state.

37 5. Ensure that the tests prescribed in this section are able to be
38 scored in an objective manner and that the tests are not intended to advocate
39 any sectarian, partisan or denominational viewpoint.

40 6. Ensure that the results of the nationally standardized
41 norm-referenced achievement tests established as provided in this article are
42 comparable to associated grade equivalents, percentiles and stanines derived
43 from a multistate sample.

1 7. Include within its budget all costs pertaining to the tests
2 prescribed in this article. If sufficient monies are appropriated, the state
3 board may provide norm-referenced achievement test services to school
4 districts which request assistance in testing pupils in grades additional to
5 those required by this section.

6 8. Use subtests of the statewide nationally standardized
7 norm-referenced achievement test as designated by the state board to assess
8 pupils in grades three through twelve in reading, language arts and
9 mathematics, at a level appropriate for their grade level.

10 9. Survey teachers, principals and superintendents on achievement
11 related nontest indicators, including information on graduation rates by
12 ethnicity and dropout rates by ethnicity for each grade level. Prior to the
13 survey, the state board of education shall approve at a public meeting the
14 nontest indicators on which data will be collected. In conducting the survey
15 and collecting data, the state board of education shall not violate the
16 provisions of the family educational rights and privacy act (P.L. 93-380),
17 as amended, nor disclose personally identifiable information.

18 ~~10. Require and review district assessment plans that include a~~
19 ~~detailed description of each district's measures of annual and ongoing pupil~~
20 ~~progress required pursuant to subsection C, paragraph 3, subdivision (b) of~~
21 ~~this section and each district's report of the numbers of pupils who have~~
22 ~~accomplished the essential skills.~~

23 ~~11.~~ 10. Establish a fair and consistent method and standard by which
24 norm-referenced test scores from schools in a district may be evaluated
25 taking into consideration demographic data. The board shall establish
26 intervention strategies to assist schools with scores below the acceptable
27 standard. The board shall annually review district and school scores and
28 shall offer assistance to school districts in analyzing data and implementing
29 intervention strategies. The board shall use the adopted norm-referenced
30 test and methods of data evaluation for a period of at least ten years.

31 ~~12.~~ 11. Participate in other assessments that provide national
32 comparisons as needed.

33 B. The standardized norm-referenced achievement tests adopted by the
34 state board as provided in subsection A shall be given annually. The tests
35 shall be administered over a one week period between April 1 and May
36 1. Nontest indicator data and other information shall be collected at the
37 same time as the collection of standardized norm-referenced achievement test
38 data.

39 C. Local school district governing boards shall:

40 1. Administer the tests prescribed in subsection A.

41 2. Survey teachers, principals and superintendents on achievement
42 related nontest indicator data as required by the state board including
43 information related to district graduation and dropout rates. In conducting
44 the survey and collecting data, the governing board shall not violate the

1 provisions of the family educational rights and privacy act (P.L. 93-380),
2 as amended, nor disclose personally identifiable information.

3 ~~3. File a district assessment plan describing:~~

4 ~~(a) How the district governing board will assess pupils in the~~
5 ~~academic standards. This plan shall describe how districts will report and~~
6 ~~utilize scores from district tests, the Arizona instrument to measure~~
7 ~~standards test, standardized norm-referenced tests and the data collected in~~
8 ~~the survey of teachers, principals and superintendents on achievement-related~~
9 ~~nontest indicators.~~

10 ~~(b) How the district governing board will assess pupil progress on an~~
11 ~~ongoing and annual basis, showing the trends in gain or loss in pupil~~
12 ~~achievement over time in at least the subjects of reading, language arts and~~
13 ~~mathematics for all years for which pupils are enrolled in the district~~
14 ~~during the entire school year and for which the information is~~
15 ~~available. The plan shall also describe how the district governing board~~
16 ~~will assess pupil progress pursuant to this subdivision for pupils who are~~
17 ~~not enrolled in the district for an entire school year.~~

18 ~~4. File a report on how many pupils in the grades designated by the~~
19 ~~state board of education have accomplished the academic standards as required~~
20 ~~by the state board. This report may contain other information as required~~
21 ~~by the state board.~~

22 D. A test for penmanship shall not be required pursuant to this
23 article.

24 Sec. 9. Repeal

25 Section 15-901, Arizona Revised Statutes, as amended by Laws 2000,
26 chapter 342, section 4, is repealed.

27 Sec. 10. Section 15-901, Arizona Revised Statutes, as amended by Laws
28 2000, chapter 236, section 19, is amended to read:

29 15-901. Definitions

30 A. In this title, unless the context otherwise requires:

31 1. "Average daily attendance" or "ADA" means actual average daily
32 attendance through the first one hundred days or two hundred days in session,
33 as applicable.

34 2. "Average daily membership" means the total enrollment of fractional
35 students and full-time students, minus withdrawals, of each school day
36 through the first one hundred days or two hundred days in session, as
37 applicable, for the current year. Withdrawals include students formally
38 withdrawn from schools and students absent for ten consecutive school days,
39 except for excused absences as identified by the department of
40 education. For computation purposes, the effective date of withdrawal shall
41 be retroactive to the last day of actual attendance of the student.

42 (a) "Fractional student" means:

43 (i) For common schools, UNTIL FISCAL YEAR 2001-2002, a preschool child
44 who is enrolled in a program for preschool children with disabilities of at

1 least three hundred sixty minutes each week or a kindergarten student at
2 least five years of age prior to January 1 of the school year and enrolled
3 in a school kindergarten program that meets at least three hundred forty-six
4 instructional hours during the minimum number of days required in a school
5 year as provided in section 15-341. IN FISCAL YEAR 2001-2002, THE
6 KINDERGARTEN PROGRAM SHALL MEET AT LEAST THREE HUNDRED FORTY-EIGHT HOURS. IN
7 FISCAL YEAR 2002-2003, THE KINDERGARTEN PROGRAM SHALL MEET AT LEAST THREE
8 HUNDRED FIFTY HOURS. IN FISCAL YEAR 2003-2004, THE KINDERGARTEN PROGRAM
9 SHALL MEET AT LEAST THREE HUNDRED FIFTY-TWO HOURS. IN FISCAL YEAR 2004-2005,
10 THE KINDERGARTEN PROGRAM SHALL MEET AT LEAST THREE HUNDRED FIFTY-FOUR HOURS.
11 IN FISCAL YEAR 2005-2006 AND EACH FISCAL YEAR THEREAFTER, THE KINDERGARTEN
12 PROGRAM SHALL MEET AT LEAST THREE HUNDRED FIFTY-SIX HOURS. Lunch periods and
13 recess periods may not be included as part of the instructional hours unless
14 the child's individualized education program requires instruction during
15 those periods and the specific reasons for such instruction are fully
16 documented. In computing the average daily membership, preschool children
17 with disabilities and kindergarten students shall be counted as one-half of
18 a full-time student. For common schools, a part-time student is a student
19 enrolled for less than the total time for a full-time student as defined in
20 this section. A part-time common school student shall be counted as
21 one-fourth, one-half or three-fourths of a full-time student if the student
22 is enrolled in an instructional program that is at least one-fourth, one-half
23 or three-fourths of the time a full-time student is enrolled as defined in
24 subdivision (b) of this paragraph.

25 (ii) For high schools, a part-time student who is enrolled in less
26 than four subjects that count toward graduation as defined by the state board
27 of education in a recognized high school and who is taught in less than
28 twenty instructional hours per week prorated for any week with fewer than
29 five school days. A part-time high school student shall be counted as
30 one-fourth, one-half or three-fourths of a full-time student if the student
31 is enrolled in an instructional program that is at least one-fourth, one-half
32 or three-fourths of a full-time instructional program as defined in
33 subdivision (c) of this paragraph.

34 (b) "Full-time student" means:

35 (i) For common schools, a student who is at least six years of age
36 prior to January 1 of a school year, who has not graduated from the highest
37 grade taught in the school district and who is regularly enrolled in a course
38 of study required by the state board of education. UNTIL FISCAL YEAR
39 2001-2002, first, second and third grade students, ungraded students at least
40 six, but under nine, years of age by September 1 or ungraded group B children
41 with disabilities who are at least five, but under six, years of age by
42 September 1 must be enrolled in an instructional program that meets for a
43 total of at least six hundred ninety-two hours during the minimum number of
44 days required in a school year as provided in section 15-341. IN FISCAL YEAR

1 2001-2002, THE PROGRAM SHALL MEET AT LEAST SIX HUNDRED NINETY-SIX HOURS. IN
 2 FISCAL YEAR 2002-2003, THE PROGRAM SHALL MEET AT LEAST SEVEN HUNDRED HOURS.
 3 IN FISCAL YEAR 2003-2004, THE PROGRAM SHALL MEET AT LEAST SEVEN HUNDRED FOUR
 4 HOURS. IN FISCAL YEAR 2004-2005, THE PROGRAM SHALL MEET AT LEAST SEVEN
 5 HUNDRED EIGHT HOURS. IN FISCAL YEAR 2005-2006 AND IN EACH FISCAL YEAR
 6 THEREAFTER, THE PROGRAM SHALL MEET AT LEAST SEVEN HUNDRED TWELVE
 7 HOURS. UNTIL FISCAL YEAR 2001-2002, fourth, fifth and sixth grade students
 8 or ungraded students at least nine, but under twelve, years of age by
 9 September 1 must be enrolled in an instructional program that meets for a
 10 total of at least eight hundred sixty-five hours during the minimum number
 11 of school days required in a school year as provided in section 15-341. IN
 12 FISCAL YEAR 2001-2002, THE PROGRAM SHALL MEET AT LEAST EIGHT HUNDRED SEVENTY
 13 HOURS. IN FISCAL YEAR 2002-2003, THE PROGRAM SHALL MEET AT LEAST EIGHT
 14 HUNDRED SEVENTY-FIVE HOURS. IN FISCAL YEAR 2003-2004, THE PROGRAM SHALL MEET
 15 AT LEAST EIGHT HUNDRED EIGHTY HOURS. IN FISCAL YEAR 2004-2005, THE PROGRAM
 16 SHALL MEET AT LEAST EIGHT HUNDRED EIGHTY-FIVE HOURS. IN FISCAL YEAR
 17 2005-2006 AND EACH FISCAL YEAR THEREAFTER, THE PROGRAM SHALL MEET AT LEAST
 18 EIGHT HUNDRED NINETY HOURS. UNTIL FISCAL YEAR 2001-2002, seventh and eighth
 19 grade students or ungraded students at least twelve, but under fourteen,
 20 years of age by September 1 must be enrolled in an instructional program that
 21 meets for a total of at least one thousand thirty-eight hours during the
 22 minimum number of days required in a school year as provided in section
 23 15-341. IN FISCAL YEAR 2001-2002, THE PROGRAM SHALL MEET AT LEAST ONE
 24 THOUSAND FORTY-FOUR HOURS. IN FISCAL YEAR 2002-2003, THE PROGRAM SHALL MEET
 25 AT LEAST ONE THOUSAND FIFTY HOURS. IN FISCAL YEAR 2003-2004, THE PROGRAM
 26 SHALL MEET AT LEAST ONE THOUSAND FIFTY-SIX HOURS. IN FISCAL YEAR 2004-2005,
 27 THE PROGRAM SHALL MEET AT LEAST ONE THOUSAND SIXTY-TWO HOURS. IN FISCAL YEAR
 28 2005-2006 AND EACH FISCAL YEAR THEREAFTER, THE PROGRAM SHALL MEET AT LEAST
 29 ONE THOUSAND SIXTY-EIGHT HOURS. Lunch periods and recess periods may not be
 30 included as part of the instructional hours unless the student is a child
 31 with a disability and the child's individualized education program requires
 32 instruction during those periods and the specific reasons for such
 33 instruction are fully documented.

34 (ii) For high schools, a student not graduated from the highest grade
 35 taught in the school district, or an ungraded student at least fourteen years
 36 of age by September 1, and enrolled in at least a full-time instructional
 37 program of subjects that count toward graduation as defined by the state
 38 board of education in a recognized high school. A full-time student shall
 39 not be counted more than once for computation of average daily membership.

40 (iii) For homebound or hospitalized, a student receiving at least four
 41 hours of instruction per week.

42 (c) "Full-time instructional program" means at least four subjects,
 43 each of which, if taught each school day for the minimum number of days
 44 required in a school year, THROUGH FISCAL YEAR 2000-2001, would meet a

1 minimum of one hundred twenty hours a year, or the equivalent, or one or more
2 subjects taught in amounts of time totalling at least twenty hours per week
3 prorated for any week with fewer than five school days. FOR FISCAL YEARS
4 AFTER 2000-2001:

5 (i) IN FISCAL YEARS 2001-2002 AND 2002-2003, EACH SUBJECT SHALL MEET
6 AT LEAST ONE HUNDRED TWENTY-TWO HOURS. IN FISCAL YEAR 2003-2004 AND EACH
7 FISCAL YEAR THEREAFTER, EACH SUBJECT SHALL MEET AT LEAST ONE HUNDRED
8 TWENTY-THREE HOURS.

9 (ii) FOR GRADES NINE, TEN AND ELEVEN, THE TOTAL PROGRAM SHALL MEET AT
10 LEAST EIGHT HUNDRED EIGHTY HOURS IN FISCAL YEAR 2001-2002. IN FISCAL YEAR
11 2002-2003, THE TOTAL PROGRAM SHALL MEET AT LEAST EIGHT HUNDRED EIGHTY-FIVE
12 HOURS. IN FISCAL YEAR 2003-2004, THE TOTAL PROGRAM SHALL MEET AT LEAST EIGHT
13 HUNDRED NINETY HOURS. IN FISCAL YEAR 2004-2005, THE TOTAL PROGRAM SHALL MEET
14 AT LEAST EIGHT HUNDRED NINETY-FIVE HOURS. IN FISCAL YEAR 2005-2006 AND EACH
15 FISCAL YEAR THEREAFTER, THE TOTAL PROGRAM SHALL MEET AT LEAST NINE HUNDRED
16 HOURS.

17 3. "Budget year" means the fiscal year for which the school district
18 is budgeting and which immediately follows the current year.

19 4. "Common school district" means a political subdivision of this
20 state offering instruction to students in programs for preschool children
21 with disabilities and kindergarten programs and grades one through eight.

22 5. "Current year" means the fiscal year in which a school district is
23 operating.

24 6. "Daily attendance" means:

25 (a) For common schools, days in which a pupil:

26 (i) Of a kindergarten program or ungraded, but not group B children
27 with disabilities, and at least five, but under six, years of age by
28 September 1 attends at least three-quarters of the instructional time
29 scheduled for the day. If the total instruction time scheduled for the year
30 is at least three hundred forty-six hours but is less than six hundred
31 ninety-two hours such attendance shall be counted as one-half day of
32 attendance. If the instructional time scheduled for the year is at least six
33 hundred ninety-two hours, "daily attendance" means days in which a pupil
34 attends at least one-half of the instructional time scheduled for the day.
35 Such attendance shall be counted as one-half day of attendance.

36 (ii) Of the first, second or third grades, ungraded and at least six,
37 but under nine, years of age by September 1 or ungraded group B children with
38 disabilities and at least five, but under six, years of age by September 1
39 attends more than three-quarters of the instructional time scheduled for the
40 day.

41 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
42 nine, but under twelve, years of age by September 1 attends more than
43 three-quarters of the instructional time scheduled for the day, except as
44 provided in section 15-797.

1 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
2 but under fourteen, years of age by September 1 attends more than
3 three-quarters of the instructional time scheduled for the day, except as
4 provided in section 15-797.

5 (b) For common schools, the attendance of a pupil at three-quarters
6 or less of the instructional time scheduled for the day shall be counted as
7 follows, except as provided in section 15-797 and except that attendance for
8 a fractional student shall not exceed the pupil's fractional membership:

9 (i) If attendance for all pupils in the school is based on quarter
10 days, the attendance of a pupil shall be counted as one-fourth of a day's
11 attendance for each one-fourth of full-time instructional time attended.

12 (ii) If attendance for all pupils in the school is based on half days,
13 the attendance of at least three-quarters of the instructional time scheduled
14 for the day shall be counted as a full day's attendance and attendance at a
15 minimum of one-half but less than three-quarters of the instructional time
16 scheduled for the day equals one-half day of attendance.

17 (c) For common schools, the attendance of a preschool child with
18 disabilities shall be counted as one-fourth day's attendance for each
19 thirty-six minutes of attendance not including lunch periods and recess
20 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
21 subsection for children with disabilities up to a maximum of three hundred
22 sixty minutes each week.

23 (d) For high schools or ungraded schools in which the pupil is at
24 least fourteen years of age by September 1, the attendance of a pupil shall
25 not be counted as a full day unless the pupil is actually and physically in
26 attendance and enrolled in and carrying four subjects, each of which, if
27 taught each school day for the minimum number of days required in a school
28 year, would meet a minimum of one hundred twenty hours a year, or the
29 equivalent, that count toward graduation in a recognized high school except
30 as provided in section 15-797 and subdivision (e) of this paragraph.
31 Attendance of a pupil carrying less than the load prescribed shall be
32 prorated.

33 (e) For high schools or ungraded schools in which the pupil is at
34 least fourteen years of age by September 1, the attendance of a pupil may be
35 counted as one-fourth of a day's attendance for each sixty minutes of
36 instructional time in a subject that counts toward graduation, except that
37 attendance for a pupil shall not exceed the pupil's full or fractional
38 membership.

39 (f) For homebound or hospitalized, a full day of attendance may be
40 counted for each day during a week in which the student receives at least
41 four hours of instruction.

42 (g) For school districts which maintain school for an approved
43 year-round school year operation, attendance shall be based on a computation,
44 as prescribed by the superintendent of public instruction, of the one hundred

1 ~~seventy-five~~ EIGHTY days' equivalency or two hundred days' equivalency, as
2 applicable, of instructional time as approved by the superintendent of public
3 instruction during which each pupil is enrolled.

4 7. "Daily route mileage" means the sum of:

5 (a) The total number of miles driven daily by all buses of a school
6 district while transporting eligible students from their residence to the
7 school of attendance and from the school of attendance to their residence on
8 scheduled routes approved by the superintendent of public instruction.

9 (b) The total number of miles driven daily on routes approved by the
10 superintendent of public instruction for which a private party, a political
11 subdivision or a common or a contract carrier is reimbursed for bringing an
12 eligible student from the place of his residence to a school transportation
13 pickup point or to the school of attendance and from the school
14 transportation scheduled return point or from the school of attendance to his
15 residence.

16 Daily route mileage includes the total number of miles necessary to drive to
17 transport eligible students from and to their residence as provided in this
18 paragraph.

19 8. "District support level" means the base support level plus the
20 transportation support level.

21 9. "Eligible students" means:

22 (a) Students who are transported by or for a school district and who
23 qualify as full-time students or fractional students, except students for
24 whom transportation is paid by another school district or a county school
25 superintendent, and:

26 (i) For common school students, whose place of actual residence within
27 the school district is more than one mile from the school facility of
28 attendance or students who are admitted pursuant to section 15-816.01 and who
29 meet the economic eligibility requirements established under the national
30 school lunch and child nutrition acts (42 United States Code sections 1751
31 through 1785) for free or reduced price lunches and whose actual place of
32 residence outside the school district boundaries is more than one mile from
33 the school facility of attendance.

34 (ii) For high school students, whose place of actual residence within
35 the school district is more than one and one-half miles from the school
36 facility of attendance or students who are admitted pursuant to section
37 15-816.01 and who meet the economic eligibility requirements established
38 under the national school lunch and child nutrition acts (42 United States
39 Code sections 1751 through 1785) for free or reduced price lunches and whose
40 actual place of residence outside the school district boundaries is more than
41 one and one-half miles from the school facility of attendance.

42 (b) Kindergarten students, for purposes of computing the number of
43 eligible students under subdivision (a), item (i) of this paragraph, shall
44 be counted as full-time students, notwithstanding any other provision of law.

1 (c) Children with disabilities, as defined by section 15-761, who are
2 transported by or for the school district or who are admitted pursuant to
3 chapter 8, article 1.1 of this title and who qualify as full-time students
4 or fractional students regardless of location or residence within the school
5 district or children with disabilities whose transportation is required by
6 the pupil's individualized education program.

7 (d) Students whose residence is outside the school district and who
8 are transported within the school district on the same basis as students who
9 reside in the school district.

10 ~~10. "Enrolled" or "enrollment" means when a pupil is currently~~
11 ~~registered in the school district.~~

12 ~~11. "GDP price deflator" means the average of the four implicit price~~
13 ~~deflators for the gross domestic product reported by the United States~~
14 ~~department of commerce for the four quarters of the calendar year.~~

15 12. "High school district" means a political subdivision of this state
16 offering instruction to students for grades nine through twelve or that
17 portion of the budget of a common school district which is allocated to
18 teaching high school subjects with permission of the state board of
19 education.

20 13. "Revenue control limit" means the base revenue control limit plus
21 the transportation revenue control limit.

22 14. "Student count" means average daily membership as prescribed in
23 this subsection for the fiscal year prior to the current year, except that
24 for the purpose of budget preparation student count means average daily
25 membership as prescribed in this subsection for the current year.

26 15. "SUBMIT ELECTRONICALLY" MEANS SUBMITTED IN A FORMAT AND IN A MANNER
27 PRESCRIBED BY THE DEPARTMENT OF EDUCATION.

28 ~~15.~~ 16. "Total bus mileage" means the total number of miles driven by
29 all buses of a school district during the school year.

30 ~~16.~~ 17. "Total students transported" means all eligible students
31 transported from their place of residence to a school transportation pickup
32 point or to the school of attendance and from the school of attendance or
33 from the school transportation scheduled return point to their place of
34 residence.

35 ~~17.~~ 18. "Unified school district" means a political subdivision of the
36 state offering instruction to students in programs for preschool children
37 with disabilities and kindergarten programs and grades one through twelve.

38 B. In this title, unless the context otherwise requires:

39 1. "Base" means the revenue level per student count specified by the
40 legislature.

41 2. "Base level" means:

42 (a) For fiscal year 1999-2000, two thousand five hundred fifty-nine
43 dollars ninety-three cents.

- 1 (b) For fiscal year 2000-2001, two thousand five hundred eighty-five
2 dollars sixty cents.
- 3 (c) For fiscal year 2001-2002, and each subsequent fiscal year, the
4 base level for the prior year adjusted by any growth rate prescribed by law,
5 subject to appropriation.
- 6 3. "Base revenue control limit" means the base revenue control limit
7 computed as provided in section 15-944.
- 8 4. "Base support level" means the base support level as provided in
9 section 15-943.
- 10 5. "Certified teacher" means a person who is certified as a teacher
11 pursuant to the rules adopted by the state board of education, who renders
12 direct and personal services to school children in the form of instruction
13 related to the school district's educational course of study and who is paid
14 from the maintenance and operation section of the budget.
- 15 6. "ED, MIMR, SLD, SLI and OHI" means programs for children with
16 emotional disabilities, mild mental retardation, a specific learning
17 disability, a speech/language impairment and other health impairments.
- 18 7. "ED-P" means programs for children with emotional disabilities who
19 are enrolled in private special education programs as prescribed in section
20 15-765, subsection D, paragraph 1 or in an intensive school district program
21 as provided in section 15-765, subsection D, paragraph 2.
- 22 8. "Full-time equivalent certified teacher" or "FTE certified teacher"
23 means for a certified teacher the following:
24 (a) If employed full time as defined in section 15-501, 1.00.
25 (b) If employed less than full time, multiply 1.00 by the percentage
26 of a full school day, or its equivalent, or a full class load, or its
27 equivalent, for which the teacher is employed as determined by the governing
28 board.
- 29 9. "Group A" means educational programs for career exploration, a
30 specific learning disability, an emotional disability, mild mental
31 retardation, remedial education, a speech/language impairment, homebound,
32 bilingual, preschool moderate delay, preschool speech/language delay, other
33 health impairments and gifted pupils.
- 34 10. "Group B" means educational improvements for pupils in kindergarten
35 programs and grades one through three, educational programs for autism, a
36 hearing impairment, moderate mental retardation, multiple disabilities,
37 multiple disabilities with severe sensory impairment, orthopedic impairments,
38 preschool severe delay, severe mental retardation and emotional disabilities
39 for school age pupils enrolled in private special education programs or in
40 school district programs for children with severe disabilities or visual
41 impairment and limited English proficient pupils enrolled in a program to
42 promote English language proficiency pursuant to section 15-754.
- 43 11. "HI" means programs for pupils with hearing impairment.

- 1 12. "Homebound" or "hospitalized" means a pupil who is capable of
2 profiting from academic instruction but is unable to attend school due to
3 illness, disease, accident or other health conditions, who has been examined
4 by a competent medical doctor and who is certified by that doctor as being
5 unable to attend regular classes for a period of not less than three school
6 months or a pupil who is capable of profiting from academic instruction but
7 is unable to attend school regularly due to chronic or acute health problems,
8 who has been examined by a competent medical doctor and who is certified by
9 that doctor as being unable to attend regular classes for intermittent
10 periods of time totaling three school months during a school year. The
11 medical certification shall state the general medical condition, such as
12 illness, disease or chronic health condition, that is the reason that the
13 pupil is unable to attend school.
- 14 13. "K-3" means kindergarten programs and grades one through three.
- 15 14. "LEP" means limited English proficient pupils who are enrolled in
16 a program to promote English language proficiency pursuant to section 15-754.
- 17 15. "MD-R, A-R and SMR-R" means resource programs for pupils with
18 multiple disabilities, autism and severe mental retardation.
- 19 16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
20 with multiple disabilities, autism and severe mental retardation.
- 21 17. "MDSSI" means a program for pupils with multiple disabilities with
22 severe sensory impairment.
- 23 18. "MOMR" means programs for pupils with moderate mental retardation.
- 24 19. "OI-R" means a resource program for pupils with orthopedic
25 impairments.
- 26 20. "OI-SC" means a self-contained program for pupils with orthopedic
27 impairments.
- 28 21. "PSD" means preschool programs for children with disabilities as
29 provided in section 15-771.
- 30 22. "P-SD" means programs for children who meet the definition of
31 preschool severe delay as provided in section 15-771.
- 32 23. "Qualifying tax rate" means the qualifying tax rate specified in
33 section 15-971 applied to the assessed valuation used for primary property
34 taxes.
- 35 24. "Small isolated school district" means a school district which
36 meets all of the following:
 - 37 (a) Has a student count of fewer than six hundred in kindergarten
38 programs and grades one through eight or grades nine through twelve.
 - 39 (b) Contains no school which is fewer than thirty miles by the most
40 reasonable route from another school, or, if road conditions and terrain make
41 the driving slow or hazardous, fifteen miles from another school which
42 teaches one or more of the same grades and is operated by another school
43 district in this state.

1 (c) Is designated as a small isolated school district by the
2 superintendent of public instruction.

3 25. "Small school district" means a school district which meets all of
4 the following:

5 (a) Has a student count of fewer than six hundred in kindergarten
6 programs and grades one through eight or grades nine through twelve.

7 (b) Contains at least one school which is fewer than thirty miles by
8 the most reasonable route from another school which teaches one or more of
9 the same grades and is operated by another school district in this state.

10 (c) Is designated as a small school district by the superintendent of
11 public instruction.

12 26. "Transportation revenue control limit" means the transportation
13 revenue control limit computed as prescribed in section 15-946.

14 27. "Transportation support level" means the support level for pupil
15 transportation operating expenses as provided in section 15-945.

16 28. "VI" means programs for pupils with visual impairments.

17 29. "Voc. Ed." means vocational and technological education programs,
18 as defined in section 15-781, except that for the purpose of computing the
19 district support level as provided in this title vocational and technological
20 education programs only include approved vocational and technological
21 programs for students in grades nine through twelve.

22 Sec. 11. Title 15, chapter 9, article 1, Arizona Revised
23 Statutes, is amended by adding section 15-901.01, to read:

24 15-901.01. Inflation adjustments

25 IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL
26 ELECTION, FOR FISCAL YEARS 2001-2002 THROUGH 2005-2006, THE LEGISLATURE SHALL
27 INCREASE THE BASE LEVEL OR OTHER COMPONENTS OF THE REVENUE CONTROL LIMIT BY
28 TWO PER CENT. FOR FISCAL YEAR 2006-2007 AND EACH FISCAL YEAR THEREAFTER, THE
29 LEGISLATURE SHALL INCREASE THE BASE LEVEL OR OTHER COMPONENTS OF THE REVENUE
30 CONTROL LIMIT BY A MINIMUM GROWTH RATE OF EITHER TWO PER CENT OR THE CHANGE
31 IN THE GDP PRICE DEFLATOR, AS DEFINED IN SECTION 41-563, FROM THE SECOND
32 PRECEDING CALENDAR YEAR TO THE CALENDAR YEAR IMMEDIATELY PRECEDING THE BUDGET
33 YEAR, WHICHEVER IS LESS, EXCEPT THAT THE BASE LEVEL SHALL NEVER BE REDUCED
34 BELOW THE BASE LEVEL ESTABLISHED FOR FISCAL YEAR 2001-2002.

35 Sec. 12. Section 15-903, Arizona Revised Statutes, is amended to read:

36 15-903. Budget format

37 A. The superintendent of public instruction in conjunction with the
38 auditor general shall prepare and prescribe a budget format to be utilized
39 by all school districts on a school by school basis.

40 B. The budget format shall be designed to allow all school districts
41 to plan and provide in detail for the use of available funds on a school by
42 school basis. The budget format shall contain distinct sections for, but
43 need not be limited to, maintenance and operation, debt service, special
44 projects, capital outlay, and adjacent ways AND CLASSROOM SITE FUND. The

1 maintenance and operation section shall include, but need not be limited to,
2 separate subsections for regular education programs, special education
3 programs and operational expenditures for pupil transportation. Each
4 subsection shall clearly distinguish classroom instruction expenditures.

5 1. The special education program subsection shall include, but is not
6 limited to, programs for each disability classification as defined in section
7 15-761 and programs for gifted, vocational and technological education,
8 remedial education and bilingual students. The total expenditures for each
9 of these programs shall be included on the budget form.

10 2. The pupil transportation subsection shall include all operational
11 expenditures relating to the transportation of pupils, including all
12 operational expenditures within a contract if the school district contracts
13 for pupil transportation.

14 C. The capital outlay section of the budget shall include separate
15 subsections for unrestricted capital outlay and soft capital allocation. The
16 soft capital allocation subsection shall include budgeted expenditures as
17 prescribed in section 15-962. The unrestricted capital outlay subsection
18 shall include budgeted expenditures for acquisitions by purchase,
19 lease-purchase or lease of capital items as defined in the uniform system of
20 financial records. These sections and subsections shall include:

21 1. Land, buildings and improvements to land and buildings, including
22 labor and related employee benefits costs and material costs if work is
23 performed by school district employees.

24 2. Furniture, furnishings, athletic equipment and other equipment,
25 including computer software.

26 3. Pupil and nonpupil transportation vehicles and equipment, including
27 all capital expenditures within a contract if the school district contracts
28 for pupil transportation.

29 4. Textbooks and related printed subject matter materials adopted by
30 the governing board.

31 5. Instructional aids.

32 6. Library books.

33 7. Payment of principal and interest on bonds.

34 8. Repayment of monies received from the capital equity fund as
35 provided in section 15-1054, which shall be a separate subsection.

36 9. School district administration emergency needs that are directly
37 related to pupils.

38 D. The budget format shall contain distinct subsections for the
39 following:

40 1. Special programs to improve academic achievement of pupils in
41 kindergarten programs and grades one through three as provided in section
42 15-482.

43 2. School plant funds.

44 3. Capital outlay budget increases as provided in section 15-481.

- 1 4. Property taxation including the following:
- 2 (a) The primary tax rates for the school district for the current year
- 3 and the budget year.
- 4 (b) The secondary tax rates for maintenance and operation, K-3 and
- 5 capital overrides for the school district for the current year and the budget
- 6 year.
- 7 (c) The secondary tax rates for class A bonds for the school district
- 8 for the current year and the budget year.
- 9 (d) The secondary tax rates for class B bonds for the school district
- 10 for the current year and the budget year.
- 11 E. The budget format shall also contain:
- 12 1. A statement identifying proposed pupil-teacher ratios and
- 13 pupil-staff ratios relating to the provision of special education services
- 14 for the budget year.
- 15 2. A statement identifying the number of full-time equivalent
- 16 certified employees.
- 17 3. If a governing board uses section 15-942 relating to the adjustment
- 18 for rapid decline in student count, a statement identifying the actual per
- 19 cent decline in student count and a statement identifying the additional
- 20 allowable expenditures attributable to using the rapid decline provisions as
- 21 provided in section 15-942.
- 22 F. The special projects section shall include budgeted expenditures
- 23 for state special projects, including special adult projects, career
- 24 education, deficiencies correction fund projects, building renewal fund
- 25 projects and new school facilities fund projects, such federal special
- 26 projects as ESEA title programs, vocational education and title IV Indian
- 27 education, and other special projects.
- 28 Sec. 13. Section 15-910, Arizona Revised Statutes, is amended to
- 29 read:
- 30 15-910. School district budgets; excess utility costs;
- 31 desegregation costs; tuition costs for bond issues;
- 32 costs for registering warrants
- 33 A. The governing board may budget for THE DISTRICT'S excess utility
- 34 costs which are specifically exempt from the DISTRICT'S revenue control limit
- 35 ~~for the school district.~~ IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A
- 36 STATEWIDE GENERAL ELECTION, THE EXEMPTION FROM THE REVENUE CONTROL LIMIT
- 37 UNDER THIS SUBSECTION EXPIRES AT THE END OF THE 2008-2009 BUDGET YEAR. The
- 38 uniform system of financial records shall specify expenditure items allowable
- 39 as excess utility costs, which are limited to direct operational costs of
- 40 heating, cooling, water and electricity, telephone communications and
- 41 sanitational fees. The department of education and the auditor general shall
- 42 include in the maintenance and operation section of the budget format, as
- 43 provided in section 15-903, a separate line for utility expenditures and a
- 44 special excess utility cost category. The special excess utility cost

1 category shall contain budgeted expenditures for excess utility costs,
2 determined as follows:

3 1. Determine the lesser of the total budgeted or total actual utility
4 expenditures for fiscal year 1984-1985.

5 2. Multiply the amount in paragraph 1 of this subsection by the total
6 percentage increase or decrease in the revenue control limit and the capital
7 outlay revenue limit for the budget year over the revenue control limit and
8 the capital outlay revenue limit for fiscal year 1984-1985 excluding monies
9 available from a career ladder program or a teacher compensation program
10 provided for in section 15-952.

11 3. The sum of the amounts in paragraph PARAGRAPHS 1 and paragraph 2
12 of this subsection is the amount budgeted in the utility expenditure line.

13 4. Additional expenditures for utilities are budgeted in the excess
14 utility cost category.

15 B. The governing board shall apply the same percentage increase or
16 decrease allowed in the revenue control limit and the capital outlay revenue
17 limit as provided in section 15-905, subsection E or section 15-948 to the
18 utility expenditure line of the budget.

19 C. The governing board may expend from the excess utility cost
20 category only after it has expended for utility purposes the full amount
21 budgeted in the utility expenditure line of the budget.

22 D. The governing board may, after notice is given and a public
23 meeting is held as provided in section 15-905, subsection D, revise at any
24 time before May 15 the amount budgeted in the excess utility cost category
25 for the current year.

26 E. If the revised excess utility cost category results in an
27 expenditure of monies in excess of school district revenues for the current
28 year, the county school superintendent shall include within the revenue
29 estimate for the budget year monies necessary to meet the liabilities
30 incurred by the school district in the current year in excess of revenues
31 received for the current year.

32 F. If a school district receives a refund of utility expenditures or
33 a rebate on energy saving devices or services, the refund or rebate shall be
34 applied against utility expenditures for the current year as a reduction of
35 the expenditures, except that the reduction of expenditures shall not exceed
36 the amount of actual utility expenditures.

37 G. The governing board may budget for expenses of complying with or
38 continuing to implement activities which were required or permitted by a
39 court order of desegregation or administrative agreement with the United
40 States department of education office for civil rights directed toward
41 remediating alleged or proven racial discrimination which are specifically
42 exempt in whole or in part from the revenue control limit and the capital
43 outlay revenue limit. This exemption applies only to expenses incurred for

1 activities which are begun before the termination of the court order or
2 administrative agreement.

3 H. If a governing board chooses to budget monies outside of the
4 revenue control limit as provided in subsection G of this section, the
5 governing board may do one of the following:

6 1. Use monies from the maintenance and operation fund equal to any
7 excess desegregation or compliance expenses beyond the revenue control limit
8 before June 30 of the current year.

9 2. Notify the county school superintendent to include the cost of the
10 excess expenses in the county school superintendent's estimate of the
11 additional amount needed for the school district from the primary property
12 tax as provided in section 15-991.

13 3. Employ the provisions of both paragraphs 1 and 2 of this
14 subsection provided that the total amount transferred and included in the
15 amount needed from property taxes does not exceed the total amount budgeted
16 as prescribed in subsection J, paragraph 1 of this section.

17 1. The maximum amount which a governing board may budget outside of
18 the capital outlay revenue limit as provided in subsection G of this section
19 is twelve per cent of the maintenance and operation desegregation budget as
20 provided in subsection J of this section. If a governing board chooses to
21 budget monies outside of the capital outlay revenue limit as provided in
22 subsection G of this section, the governing board may notify the county
23 school superintendent to include the cost of the excess expenses in the
24 county school superintendent's estimate of the additional amount needed for
25 the school district from the primary property tax as provided in section
26 15-991.

27 J. A governing board using subsections G, H and I of this section
28 shall:

29 1. Prepare and employ a separate maintenance and operation
30 desegregation budget and capital outlay desegregation budget on a form
31 prescribed by the superintendent of public instruction in conjunction with
32 the auditor general. The budget format shall be designed to allow a school
33 district to plan and provide in detail for expenditures to be incurred solely
34 as a result of compliance with or continuing to implement activities which
35 were required or permitted by a court order of desegregation or
36 administrative agreement with the United States department of education
37 office for civil rights directed toward remediating alleged or proven racial
38 discrimination.

39 2. Prepare as a part of the annual financial report a detailed report
40 of expenditures incurred solely as a result of compliance with or continuing
41 to implement activities which were required or permitted by a court order of
42 desegregation or administrative agreement with the United States department
43 of education office for civil rights directed toward remediating alleged or
44 proven racial discrimination, in a format prescribed by the auditor general

1 in conjunction with the department of education as provided by section
2 15-904.

3 K. The governing board may budget for the bond issues portion of the
4 cost of tuition charged the district as provided in section 15-824 for the
5 pupils attending school in another school district, except that if the
6 district is a common school district not within a high school district, the
7 district may only include that part of tuition which is excluded from the
8 revenue control limit and district support level as provided in section
9 15-951. The bond issues portion of the cost of tuition charged is
10 specifically exempt from the revenue control limit of the school district of
11 residence, and the primary property tax rate set to fund this amount shall
12 not be included in the computation of additional state aid for education as
13 provided in section 15-972, except as provided in section 15-972, subsection
14 E. The department of education and the auditor general shall include in the
15 maintenance and operation section of the budget format, as provided in
16 section 15-903, a separate category for the bond issues portion of the cost
17 of tuition.

18 L. The governing board may budget for interest expenses it incurred
19 for registering warrants drawn against a fund of the school district or net
20 interest expense on tax anticipation notes as prescribed in section
21 35-465.05, subsection C for the fiscal year preceding the current year if the
22 county treasurer pooled all school district monies for investment as provided
23 in section 15-996 for the fiscal year preceding the current year and, in
24 those school districts that receive state aid, the school districts applied
25 for an apportionment of state aid before the date set for the apportionment
26 as provided in section 15-973 for the fiscal year preceding the current year.
27 The governing board may budget an amount for interest expenses for
28 registering warrants or issuing tax anticipation notes equal to or less than
29 the amount of the warrant interest expense or net interest expense on tax
30 anticipation notes as prescribed in section 35-465.05, subsection C for the
31 fiscal year preceding the current year as provided in this subsection which
32 is specifically exempt from the revenue control limit. For the purposes of
33 this subsection, "state aid" means state aid as determined in sections 15-971
34 and 15-972.

35 Sec. 14. Section 15-947, Arizona Revised Statutes, as amended by Laws
36 2000, chapter 236, section 22, is amended to read:

37 15-947. Revenue control limit; district support level; general
38 budget limit; unrestricted total capital budget
39 limit; soft capital allocation limit

40 A. The revenue control limit for a school district is equal to the sum
41 of the base revenue control limit determined in section 15-944 and the
42 transportation revenue control limit determined in section 15-946.

1 B. The district support level for a school district is equal to the
2 sum of the base support level determined in section 15-943 and the
3 transportation support level determined in section 15-945.
4 C. The general budget limit for each school district, for each fiscal
5 year, is the sum of the following:
6 1. The revenue control limit for the budget year.
7 2. The maintenance and operation portion of the following amounts:
8 (a) Amounts that are fully funded by revenues other than a levy of
9 taxes upon the taxable property within the school district, as listed below:
10 (i) Amounts budgeted as the budget balance carryforward as provided
11 in section 15-943.01.
12 (ii) Tuition revenues for attendance of nonresident pupils.
13 (iii) State assistance as provided in section 15-976.
14 (iv) Special education revenues as provided in section 15-825,
15 subsection D and section 15-1204.
16 (v) P.L. 81-874 assistance determined for children with disabilities,
17 children with specific learning disabilities and children residing on Indian
18 lands as provided in section 15-905, subsections K and O.
19 (vi) P.L. 81-874 administrative costs as provided in section 15-905,
20 subsection P.
21 (vii) State assistance for excess tuition as provided in section
22 15-825.01.
23 (viii) Amounts received from the state board of education pursuant to
24 section 15-973.01.
25 (b) Amounts approved pursuant to an override election as provided in
26 section 15-481 for the applicable fiscal year.
27 (c) Expenditures for excess utility costs as provided in section
28 15-910.
29 (d) Amounts authorized by the county school superintendent pursuant
30 to section 15-974, subsection C.
31 (e) Expenditures for complying with a court order of desegregation as
32 provided in section 15-910.
33 (f) Expenditures for the bond issues portion of the cost of tuition
34 as provided in section 15-910.
35 (g) Interest on registered warrants or tax anticipation notes as
36 provided in section 15-910.
37 (h) Amounts budgeted for a jointly owned and operated vocational and
38 technological center as provided in section 15-910.01.
39 (i) Amount of energy reduction adjustment pursuant to section
40 15-910.02.
41 3. The capital outlay revenue limit for the budget year.
42 4. MONIES RECEIVED IN THE CURRENT FISCAL YEAR FROM THE CLASSROOM SITE
43 FUND ESTABLISHED BY SECTION 15-977.

1 5. UNEXPENDED MONIES RECEIVED FROM PRIOR FISCAL YEARS FROM THE
2 CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977.

3 ~~4.~~ 6. Any other budget item that is budgeted in the maintenance and
4 operation section of the budget and that is specifically exempt from the
5 revenue control limit or the capital outlay revenue limit.

6 D. The unrestricted capital budget limit, for each school district for
7 each fiscal year, is the sum of the following:

8 1. The federal impact adjustment as determined in section 15-964 for
9 the budget year.

10 2. Any other budget item that is budgeted in the capital outlay
11 section of the budget and that is specifically exempt from the capital outlay
12 revenue limit.

13 3. The capital portion of the amounts contained in subsection
14 C, paragraph 2 of this section.

15 4. The unexpended budget balance in the unrestricted capital outlay
16 fund from the previous fiscal year.

17 5. The net interest earned in the unrestricted capital outlay fund the
18 previous fiscal year.

19 E. The soft capital allocation limit for each school district for each
20 fiscal year is the sum of the following:

21 1. The soft capital allocation for the budget year.

22 2. The unexpended budget balance in the soft capital allocation fund
23 from the previous fiscal year.

24 3. The net interest earned in the soft capital allocation fund the
25 previous fiscal year.

26 Sec. 15. Section 15-971, Arizona Revised Statutes, as amended by Laws
27 2000, chapter 236, section 24, is amended to read:

28 15-971. Determination of equalization assistance payments from
29 county and state funds for school districts

30 A. Equalization assistance for education is computed by determining
31 the total of the following:

32 1. The lesser of a school district's revenue control limit or district
33 support level as determined in section 15-947 or 15-951.

34 2. The capital outlay revenue limit of a school district as determined
35 in section 15-951 or 15-961.

36 3. The soft capital allocation of a school district as determined in
37 section 15-951 or 15-962.

38 B. From the total of the amounts determined in subsection A of this
39 section subtract:

40 1. The amount that would be produced by levying the applicable
41 qualifying tax rate determined pursuant to section 41-1324 for a high school
42 district or a common school district within a high school district which does
43 not offer instruction in high school subjects as provided in section 15-447.

1 2. The amount that would be produced by levying the applicable
2 qualifying tax rate determined pursuant to section 41-1324 for a unified
3 school district, a common school district not within a high school district
4 or a common school district within a high school district which offers
5 instruction in high school subjects as provided in section 15-447. The
6 qualifying tax rate shall be applied in the following manner:

7 (a) For the purposes of the amount determined in subsection A,
8 paragraph 1 of this section:

9 (i) Determine separately the percentage that the weighted student
10 count in preschool programs for children with disabilities, kindergarten
11 programs and grades one through eight and the weighted student count in
12 grades nine through twelve is to the weighted student count determined in
13 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

14 (ii) Apply the percentages determined in item (i) of this subdivision
15 to the amount determined in subsection A, paragraph 1 of this section.

16 (b) For the purposes of the amounts determined in subsection A,
17 paragraphs 2 and 3 of this section determine separately the amount of the
18 capital outlay revenue limit and the amount of the soft capital allocation
19 attributable to the student count in preschool programs for children with
20 disabilities, kindergarten programs and grades one through eight and grades
21 nine through twelve.

22 (c) From the amounts determined in subdivisions (a) and (b) of this
23 paragraph subtract the levy which would be produced by the current qualifying
24 tax rate for a high school district or a common school district within a high
25 school district that does not offer instruction in high school subjects as
26 provided in section 15-447. If the qualifying tax rate generates a levy
27 which is in excess of the total determined in subsection A of this section,
28 the school district shall not be eligible for equalization assistance. In
29 this subsection "assessed valuation" includes the values used to determine
30 voluntary contributions collected pursuant to title 9, chapter 4, article 3
31 and title 48, chapter 1, article 8.

32 3. The amount that would be produced by levying a qualifying tax rate
33 in a joint vocational and technological education district, which shall be
34 five cents per one hundred dollars assessed valuation unless the joint
35 legislative tax committee adjusts the rate to a lower rate. Any adjustment
36 shall be made not later than the Friday preceding the second Monday of August
37 and shall be calculated so that any additional state aid received by the
38 joint district is roughly equal to the decrease in state aid from the school
39 districts which are a part of the joint district.

40 4. The amount of government property lease excise tax monies that were
41 distributed to the district pursuant to section 42-6205 during the preceding
42 fiscal year.

43 C. County aid for equalization assistance for education shall be
44 computed as follows:

- 1 1. Determine the total equalization assistance for all school
- 2 districts in the county as provided in subsections A and B of this section.
- 3 2. Determine the total amount of county aid collected for all school
- 4 districts in the county as provided in section 15-994.
- 5 3. Divide the amount determined in paragraph 2 of this subsection by
- 6 the amount determined in paragraph 1 of this subsection.
- 7 4. Multiply the amount determined in subsections A and B of this
- 8 section by the quotient determined in paragraph 3 of this subsection for each
- 9 school district.
- 10 5. The amount determined in paragraph 4 of this subsection shall be
- 11 the county aid for equalization assistance for education for a school
- 12 district.
- 13 D. State aid for equalization assistance for education for a school
- 14 district shall be computed as follows:
- 15 1. Determine the equalization assistance for education for a school
- 16 district as provided in subsections A and B of this section.
- 17 2. For each county, determine the levy that would be produced by the
- 18 tax rate for equalization assistance for education prescribed in section
- 19 15-994, subsection A.
- 20 3. For each county, determine the total amount to be paid from monies
- 21 collected from the tax levy for equalization assistance for education into
- 22 the small district service program fund as prescribed by section 15-365 and
- 23 into the detention center education fund as prescribed by section 15-913.
- 24 4. Subtract the amount determined in paragraph 3 of this subsection
- 25 from the amount determined in paragraph 2 of this subsection.
- 26 5. Prorate the amount determined in paragraph 4 of this subsection to
- 27 each school district in the county as prescribed by subsection C of this
- 28 section.
- 29 6. Subtract the amount determined in paragraph 5 of this subsection
- 30 from the amount determined in paragraph 1 of this subsection.
- 31 E. Equalization assistance for education shall be paid from
- 32 appropriations for that purpose to the school districts as provided in
- 33 section 15-973.
- 34 F. A school district shall comply with the program and staff standards
- 35 promulgated as provided in section 15-781.01, subsection D, paragraph 11 and
- 36 report expenditures on approved vocational and technological education
- 37 programs in the annual financial report according to uniform guidelines
- 38 prescribed by the uniform system of financial records to be entitled to
- 39 receive the additional weight for state aid purposes given to vocational and
- 40 technological education programs as provided in section 15-943 computed with
- 41 reference to the number of vocational and technological education students
- 42 enrolled in the programs.
- 43 G. The additional weight for state aid purposes given to special
- 44 education as provided in section 15-943 shall be given to school districts

1 only if special education programs comply with the provisions of chapter 7,
2 article 4 of this title and the conditions and standards prescribed by the
3 superintendent of public instruction pursuant to rules of the state board of
4 education for pupil identification and placement pursuant to sections 15-766
5 and 15-767.

6 H. In addition to general fund appropriations, all income after the
7 ~~subtractions prescribed in~~ AMOUNTS RECEIVED PURSUANT TO section 37-521,
8 ~~subsection B, paragraphs 1 and 2 derived from the permanent state school fund~~
9 ~~for the benefit of common and high school education~~ PARAGRAPH 3 AND SECTION
10 42-5029, SUBSECTION E, PARAGRAPH 5 and receipts for such purpose from any
11 other source FOR THE PURPOSES OF THIS SECTION are appropriated for state aid
12 to schools as provided in this section.

13 I. The total amount of state monies that may be spent in any fiscal
14 year for state equalization assistance shall not exceed the amount
15 appropriated or authorized by section 35-173 for that purpose. This section
16 shall not be construed to impose a duty on an officer, agent or employee of
17 this state to discharge a responsibility or to create any right in a person
18 or group if the discharge or right would require an expenditure of state
19 monies in excess of the expenditure authorized by legislative appropriation
20 for that specific purpose.

21 Sec. 16. Title 15, chapter 9, article 5, Arizona Revised Statutes, is
22 amended by adding section 15-977, to read:

23 15-977. Classroom site fund; definitions

24 A. THE CLASSROOM SITE FUND IS ESTABLISHED CONSISTING OF MONIES
25 TRANSFERRED TO THE FUND PURSUANT TO SECTION 37-521, SUBSECTION B AND SECTION
26 42-5029, SUBSECTION E, PARAGRAPH 10. THE DEPARTMENT OF EDUCATION SHALL
27 ADMINISTER THE FUND. SCHOOL DISTRICTS AND CHARTER SCHOOLS MAY NOT SUPPLANT
28 EXISTING SCHOOL SITE FUNDING WITH REVENUES FROM THE FUND. ALL MONIES
29 DISTRIBUTED FROM THE FUND ARE INTENDED FOR USE AT THE SCHOOL SITE. EACH
30 SCHOOL DISTRICT OR CHARTER SCHOOL SHALL ALLOCATE FORTY PER CENT OF THE MONIES
31 FOR TEACHER COMPENSATION INCREASES BASED ON PERFORMANCE AND EMPLOYMENT
32 RELATED EXPENSES, TWENTY PER CENT OF THE MONIES FOR TEACHER BASE SALARY
33 INCREASES AND EMPLOYMENT RELATED EXPENSES AND FORTY PER CENT OF THE MONIES
34 FOR MAINTENANCE AND OPERATION PURPOSES AS PRESCRIBED IN SUBSECTION C OF THIS
35 SECTION. THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL NOTIFY EACH SCHOOL
36 PRINCIPAL OF THE AMOUNT AVAILABLE TO THE SCHOOL BY APRIL 15. THE DISTRICT
37 OR CHARTER SCHOOL SHALL REQUEST FROM THE SCHOOL'S PRINCIPAL EACH SCHOOL'S
38 PRIORITY FOR THE ALLOCATION OF THE FUNDS AVAILABLE TO THE SCHOOL FOR EACH
39 PROGRAM LISTED UNDER SUBSECTION C. THE AMOUNT BUDGETED BY THE SCHOOL
40 DISTRICT OR CHARTER SCHOOL PURSUANT TO THIS SECTION SHALL NOT BE INCLUDED IN
41 THE ALLOWABLE BUDGET BALANCE CARRYFORWARD CALCULATED PURSUANT TO SECTION
42 15-943.01.

1 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED, ARE EXEMPT FROM
2 THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS AND
3 SHALL BE DISTRIBUTED AS FOLLOWS:

4 1. BY MARCH 30 OF EACH YEAR THE STAFF OF THE JOINT LEGISLATIVE BUDGET
5 COMMITTEE SHALL DETERMINE A PER PUPIL AMOUNT FROM THE FUND FOR THE BUDGET
6 YEAR USING THE ESTIMATED STATEWIDE WEIGHTED COUNT FOR THE CURRENT YEAR
7 PURSUANT TO SECTION 15-943, PARAGRAPH 2, SUBDIVISION (a) AND BASED ON
8 ESTIMATED AVAILABLE RESOURCES IN THE CLASSROOM SITE FUND FOR THE BUDGET YEAR.

9 2. THE ALLOCATION TO EACH CHARTER SCHOOL AND SCHOOL DISTRICT FOR A
10 FISCAL YEAR SHALL EQUAL THE PER PUPIL AMOUNT ESTABLISHED IN PARAGRAPH 1 OF
11 THIS SUBSECTION FOR THE FISCAL YEAR MULTIPLIED BY THE WEIGHTED STUDENT COUNT
12 FOR THE SCHOOL DISTRICT OR CHARTER SCHOOL FOR THE FISCAL YEAR PURSUANT TO
13 SECTION 15-943, PARAGRAPH 2, SUBDIVISION (a).

14 3. FOR GRADES NINE THROUGH TWELVE, MULTIPLY THE AMOUNT DETERMINED
15 UNDER PARAGRAPH 1 OF THIS SUBSECTION BY THE WEIGHT THAT CORRESPONDS TO THE
16 STUDENT COUNT AS PROVIDED IN SECTION 15-943, PARAGRAPH 1, SUBDIVISION (a),
17 COLUMN 3.

18 4. FOR A SCHOOL DISTRICT WITH A STUDENT COUNT OF SIX HUNDRED OR MORE
19 IN KINDERGARTEN PROGRAMS AND GRADES ONE THROUGH EIGHT MULTIPLY THE AMOUNT
20 DETERMINED UNDER PARAGRAPH 1 OF THIS SUBSECTION BY 1.158 AND FOR A SCHOOL
21 DISTRICT WITH A STUDENT COUNT OF SIX HUNDRED OR MORE IN GRADES NINE THROUGH
22 TWELVE MULTIPLY THE AMOUNT DETERMINED UNDER PARAGRAPH 1 OF THIS SUBSECTION
23 BY 1.268.

24 5. FOR PROGRAMS FOR PRESCHOOL CHILDREN WITH DISABILITIES, MULTIPLY THE
25 AMOUNT DETERMINED UNDER PARAGRAPH 1 OF THIS SUBSECTION BY 1.158.

26 C. MONIES DISTRIBUTED FROM THE CLASSROOM SITE FUND SHALL BE SPENT FOR
27 THE FOLLOWING MAINTENANCE AND OPERATION PURPOSES:

- 28 1. CLASS SIZE REDUCTION.
- 29 2. TEACHER COMPENSATION INCREASES.
- 30 3. AIMS INTERVENTION PROGRAMS.
- 31 4. TEACHER DEVELOPMENT.
- 32 5. DROPOUT PREVENTION PROGRAMS.
- 33 6. TEACHER LIABILITY INSURANCE PREMIUMS.

34 D. THE DISTRICT GOVERNING BOARD OR CHARTER SCHOOL SHALL ALLOCATE THE
35 CLASSROOM SITE FUND MONIES TO INCLUDE, WHEREVER POSSIBLE, THE PRIORITIES
36 IDENTIFIED BY THE PRINCIPALS OF THE SCHOOLS WHILE ASSURING THAT THE FUNDS
37 MAXIMIZE CLASSROOM OPPORTUNITIES AND CONFORM TO THE AUTHORIZED EXPENDITURES
38 IDENTIFIED IN SUBSECTION A OF THIS SECTION.

39 E. SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT RECEIVE MONIES FROM THE
40 CLASSROOM SITE FUND SHALL SUBMIT A REPORT BY NOVEMBER 15 OF EACH YEAR TO THE
41 SUPERINTENDENT OF PUBLIC INSTRUCTION ON A PER SCHOOL BASIS THAT PROVIDES AN
42 ACCOUNTING OF THE EXPENDITURES OF MONIES DISTRIBUTED FROM THE FUND DURING THE
43 PREVIOUS FISCAL YEAR AND A SUMMARY OF THE RESULTS OF DISTRICT AND SCHOOL
44 PROGRAMS FUNDED WITH MONIES DISTRIBUTED FROM THE FUND. THE DEPARTMENT OF

1 EDUCATION IN CONJUNCTION WITH THE AUDITOR GENERAL SHALL PRESCRIBE THE FORMAT
2 OF THE REPORT UNDER THIS SUBSECTION.

3 F. SCHOOL DISTRICTS AND CHARTER SCHOOLS THAT RECEIVE MONIES FROM THE
4 CLASSROOM SITE FUND SHALL RECEIVE THESE MONIES IN THE SAME MANNER AS THE
5 APPORTIONMENT SCHEDULE PRESCRIBED IN SECTION 15-973, SUBSECTION B.

6 G. FOR PURPOSES OF THIS SECTION:

7 1. "AIMS INTERVENTION" MEANS SUMMER PROGRAMS, AFTER SCHOOL PROGRAMS,
8 BEFORE SCHOOL PROGRAMS OR TUTORING PROGRAMS THAT ARE SPECIFICALLY DESIGNED
9 TO ENSURE THAT PUPILS MEET THE ARIZONA ACADEMIC STANDARDS AS MEASURED BY THE
10 ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST PRESCRIBED BY SECTION 15-741.

11 2. "CLASS SIZE REDUCTION" MEANS ANY MAINTENANCE AND OPERATIONS
12 EXPENDITURE THAT IS DESIGNED TO REDUCE THE RATIO OF PUPILS TO CLASSROOM
13 TEACHERS, INCLUDING THE USE OF PERSONS WHO SERVE AS AIDES TO CLASSROOM
14 TEACHERS.

15 Sec. 17. Title 15, chapter 9, Arizona Revised Statutes, is amended by
16 adding article 8, to read:

17 ARTICLE 8. STUDENT ACCOUNTABILITY INFORMATION SYSTEM

18 15-1041. Student accountability information system

19 THE STUDENT ACCOUNTABILITY INFORMATION SYSTEM IS ESTABLISHED TO ENABLE
20 SCHOOL DISTRICTS AND CHARTER SCHOOLS TO TRANSMIT STUDENT LEVEL DATA AND
21 SCHOOL FINANCE DATA ELECTRONICALLY THROUGH THE INTERNET TO THE DEPARTMENT OF
22 EDUCATION FOR THE PURPOSES OF COMPLYING WITH THE STATUTORY OBLIGATIONS OF THE
23 DEPARTMENT OF EDUCATION AND THE STATE BOARD OF EDUCATION.

24 15-1042. Time line: student level data; definition

25 A. BY NOVEMBER 15, 2000, THE DEPARTMENT OF EDUCATION SHALL NOTIFY
26 SCHOOL DISTRICTS AND CHARTER SCHOOLS OF ELECTRONIC DATA SUBMISSION PROCEDURES
27 AND SHALL DISTRIBUTE A LIST OF THE SPECIFIC STUDENT LEVEL DATA ELEMENTS THAT
28 SCHOOL DISTRICTS AND CHARTER SCHOOLS ARE REQUIRED TO SUBMIT.

29 B. BY JULY 1, 2001, EACH SCHOOL DISTRICT AND CHARTER SCHOOL SHALL
30 SUBMIT ELECTRONIC DATA ON A SCHOOL BY SCHOOL BASIS, INCLUDING STUDENT LEVEL
31 DATA, TO THE DEPARTMENT OF EDUCATION IN ORDER FOR THE SCHOOL DISTRICT OR
32 CHARTER SCHOOL TO RECEIVE MONIES FOR THE COST OF EDUCATING STUDENTS PURSUANT
33 TO THIS TITLE.

34 C. THE DEPARTMENT OF EDUCATION SHALL GRANT A SCHOOL DISTRICT OR
35 CHARTER SCHOOL AN EXTENSION TO THE DEADLINE FOR THE SUBMISSION OF STUDENT
36 LEVEL DATA OR MAY PROVIDE FOR AN ALTERNATIVE METHOD FOR THE SUBMISSION OF
37 STUDENT LEVEL DATA IF THE SCHOOL DISTRICT OR CHARTER SCHOOL PROVES THAT GOOD
38 CAUSE EXISTS FOR THE EXTENSION, AND THE SCHOOL DISTRICT OR CHARTER SCHOOL
39 SHALL CONTINUE TO RECEIVE MONIES FOR THE COST OF EDUCATING STUDENTS PURSUANT
40 TO THIS TITLE. A SCHOOL DISTRICT OR CHARTER SCHOOL REQUESTING AN EXTENSION
41 SHALL NOTIFY THE DEPARTMENT OF EDUCATION NO LATER THAN JUNE 1, 2001. THE
42 REQUEST BY A SCHOOL DISTRICT OR CHARTER SCHOOL FOR AN EXTENSION OF THE
43 DEADLINE FOR THE SUBMISSION OF STUDENT LEVEL DATA SHALL INCLUDE A

1 JUSTIFICATION FOR THE EXTENSION AND THE STATUS OF CURRENT EFFORTS TOWARDS
2 COMPLYING WITH THE SUBMISSION OF STUDENT LEVEL DATA.

3 D. A PUPIL OR THE PARENT OR GUARDIAN OF A PUPIL SHALL NOT BE REQUIRED
4 TO SUBMIT DATA THAT DOES NOT RELATE TO THE PROVISION OF EDUCATIONAL SERVICES
5 OR ASSISTANCE TO THE PUPIL.

6 E. EACH STUDENT LEVEL DATA ELEMENT SHALL INCLUDE A STATUTORY REFERENCE
7 TO THE LAW THAT NECESSITATES ITS COLLECTION.

8 F. STUDENT LEVEL DATA ITEMS SUBMITTED TO THE DEPARTMENT OF EDUCATION
9 BY SCHOOL DISTRICTS PURSUANT TO THIS SECTION SHALL NOT BE USED TO ADJUST
10 FUNDING LEVELS OR CALCULATE THE AVERAGE DAILY MEMBERSHIP FOR THE PURPOSE OF
11 FUNDING SCHOOL DISTRICTS AT ANY TIME OTHER THAN THE FORTIETH, ONE HUNDREDTH
12 AND TWO HUNDREDTH DAY OF THE SCHOOL YEAR.

13 G. FOR PURPOSES OF THIS SECTION, "STUDENT LEVEL DATA" MEANS ALL DATA
14 ELEMENTS THAT ARE COMPILED AND SUBMITTED FOR EACH STUDENT IN THIS STATE AND
15 THAT ARE NECESSARY FOR THE COMPLETION OF THE STATUTORY REQUIREMENTS OF THE
16 DEPARTMENT OF EDUCATION AND THE STATE BOARD OF EDUCATION RELATING TO THE
17 CALCULATION OF FUNDING FOR PUBLIC EDUCATION, THE DETERMINATION OF STUDENT
18 ACADEMIC PROGRESS AS MEASURED BY STUDENT TESTING PROGRAMS IN THIS STATE,
19 STATE AND FEDERAL REPORTING REQUIREMENTS AND OTHER DUTIES PRESCRIBED TO THE
20 DEPARTMENT OF EDUCATION OR THE STATE BOARD OF EDUCATION BY LAW. "STUDENT
21 LEVEL DATA" DOES NOT INCLUDE DATA ELEMENTS RELATED TO STUDENT BEHAVIOR,
22 DISCIPLINE, CRIMINAL HISTORY, MEDICAL HISTORY, RELIGIOUS AFFILIATION,
23 PERSONAL PHYSICAL DESCRIPTORS OR FAMILY INFORMATION NOT AUTHORIZED BY THE
24 PARENT OR GUARDIAN OF THE PUPIL.

25 15-1043. Student level data; confidentiality

26 ANY DISCLOSURE OF EDUCATIONAL RECORDS COMPILED BY THE DEPARTMENT OF
27 EDUCATION PURSUANT TO THIS ARTICLE SHALL COMPLY WITH THE FAMILY EDUCATIONAL
28 AND PRIVACY RIGHTS ACT (20 UNITED STATES CODE SECTION 1232g). STUDENT LEVEL
29 DATA IS THE PROPERTY OF THE SCHOOL DISTRICT OR CHARTER SCHOOL AND MAY NOT BE
30 UPDATED UNLESS THE CHANGE IS AUTHORIZED BY THE SCHOOL DISTRICT OR CHARTER
31 SCHOOL.

32 Sec. 18. Title 15, chapter 12, article 4, Arizona Revised Statutes,
33 is amended by adding section 15-1472, to read:

34 15-1472. Community college district workforce development
35 accounts; reports

36 A. EACH COMMUNITY COLLEGE DISTRICT SHALL ESTABLISH A SEPARATE
37 WORKFORCE DEVELOPMENT ACCOUNT TO RECEIVE ONLY TAX REVENUES AUTHORIZED
38 PURSUANT TO SECTION 42-5029, SUBSECTION E, PARAGRAPH 3. EACH COMMUNITY
39 COLLEGE DISTRICT BOARD SHALL APPROVE THE EXPENDITURE OF THESE MONIES IN
40 ACCORDANCE WITH SECTION 15-1461 AND CONSISTENT WITH THE PROVISIONS OF
41 SUBSECTION B OF THIS SECTION.

42 B. MONIES RECEIVED PURSUANT TO SUBSECTION A OF THIS SECTION SHALL BE
43 EXPENDED FOR WORKFORCE DEVELOPMENT AND JOB TRAINING PURPOSES. THESE
44 EXPENDITURES MAY INCLUDE:

1 1. PARTNERSHIPS WITH BUSINESSES AND EDUCATIONAL INSTITUTIONS.
2 2. ADDITIONAL FACULTY FOR IMPROVED AND EXPANDED CLASSROOM INSTRUCTION
3 AND COURSE OFFERINGS.
4 3. TECHNOLOGY, EQUIPMENT AND TECHNOLOGY INFRASTRUCTURE FOR ADVANCED
5 TEACHING AND LEARNING IN CLASSROOMS OR LABORATORIES.
6 4. STUDENT SERVICES SUCH AS ASSESSMENT, ADVISEMENT AND COUNSELING FOR
7 NEW AND EXPANDED JOB OPPORTUNITIES.
8 5. THE PURCHASE, LEASE OR LEASE-PURCHASE OF REAL PROPERTY, FOR NEW
9 CONSTRUCTION, REMODELING OR REPAIR OF BUILDINGS OR FACILITIES ON REAL
10 PROPERTY.
11 C. THE STATE TREASURER SHALL TRANSFER MONIES UNDER THIS SECTION INTO
12 EACH DISTRICT'S WORKFORCE DEVELOPMENT ACCOUNT BY THE FIFTEENTH DAY OF EACH
13 MONTH. THE STATE TREASURER SHALL ALSO ALLOCATE AND DISTRIBUTE ANY POOLED
14 INTEREST EARNINGS EARNED FROM REVENUES AUTHORIZED IN SECTION 42-5029,
15 SUBSECTION E, PARAGRAPH 3 TO EACH DISTRICT IN ACCORDANCE WITH THE METHOD
16 PRESCRIBED IN SUBSECTION D, PARAGRAPH 2 OF THIS SECTION.
17 D. REVENUES AUTHORIZED FOR COMMUNITY COLLEGE DISTRICTS IN SECTION
18 42-5029, SUBSECTION E, PARAGRAPH 3 SHALL BE DISTRIBUTED BY THE STATE IN THE
19 FOLLOWING MANNER:
20 1. FOR THIRTEEN FISCAL YEARS BEGINNING IN FISCAL YEAR 2001-2002 THE
21 STATE TREASURER SHALL ALLOCATE ONE MILLION DOLLARS PER FISCAL YEAR FOR THE
22 PURPOSE OF BRINGING THIS STATE INTO COMPLIANCE WITH THE MATCHING CAPITAL
23 REQUIREMENTS PRESCRIBED IN SECTION 15-1463. THE STATE TREASURER SHALL
24 DISTRIBUTE THE MONIES AUTHORIZED IN THIS SUBSECTION TO EACH DISTRICT IN THE
25 ORDER IN WHICH EACH CAMPUS QUALIFIED FOR FUNDING PURSUANT TO SECTION 15-1463.
26 2. AFTER THE MONIES HAVE BEEN PAID EACH YEAR TO THE ELIGIBLE DISTRICT
27 PURSUANT TO PARAGRAPH 1 OF THIS SUBSECTION, THE STATE TREASURER SHALL
28 DISTRIBUTE MONIES FROM THE WORKFORCE DEVELOPMENT FUND TO EACH COMMUNITY
29 COLLEGE DISTRICT IN THE FOLLOWING MANNER:
30 (a) EACH DISTRICT SHALL RECEIVE THE SUM OF TWO HUNDRED THOUSAND
31 DOLLARS.
32 (b) AFTER EACH DISTRICT HAS RECEIVED THE PAYMENTS PRESCRIBED IN
33 SUBDIVISION (a) OF THIS PARAGRAPH, THE REMAINDER OF MONIES IN THE FUND SHALL
34 BE DISTRIBUTED TO EACH DISTRICT ACCORDING TO EACH DISTRICT'S FULL-TIME
35 EQUIVALENT STUDENT ENROLLMENT PERCENTAGE OF THE TOTAL STATE WIDE AUDITED
36 FULL-TIME EQUIVALENT STUDENT ENROLLMENT IN THE PRECEDING FISCAL YEAR
37 PRESCRIBED IN SECTION 15-1466.01. THE PERCENTAGE DISTRIBUTION UNDER THIS
38 SUBDIVISION SHALL BE ADJUSTED ANNUALLY ON OCTOBER 1 OF EACH YEAR.
39 E. REVENUES RECEIVED BY COMMUNITY COLLEGE DISTRICTS SHALL NOT BE USED
40 BY THE LEGISLATURE TO SUPPLANT OR REDUCE ANY STATE AID AUTHORIZED IN THIS
41 CHAPTER OR SUPPLANT ANY PROCEEDS FROM THE SALE OF BONDS AUTHORIZED IN THIS
42 ARTICLE AND ARTICLE 5 OF THIS CHAPTER.

1 F. MONIES RECEIVED UNDER THIS SECTION SHALL NOT BE CONSIDERED TO BE
2 LOCAL REVENUES FOR PURPOSES OF ARTICLE IX, SECTION 21, CONSTITUTION OF
3 ARIZONA.

4 G. EACH COMMUNITY COLLEGE DISTRICT SHALL SUBMIT A WORKFORCE
5 DEVELOPMENT PLAN BY APRIL 1 OF EACH YEAR TO THE STATE BOARD OF DIRECTORS FOR
6 COMMUNITY COLLEGES AND THE DEPARTMENT OF COMMERCE. THE PLAN SHALL OUTLINE
7 THE PURPOSE AND GOALS FOR WHICH WORKFORCE DEVELOPMENT MONIES ARE TO BE
8 EXPENDED BY THE DISTRICT.

9 H. EACH COMMUNITY COLLEGE DISTRICT SHALL ANNUALLY PRESENT A REPORT OF
10 ITS WORKFORCE DEVELOPMENT PLAN ACTIVITIES AND EXPENDITURES AUTHORIZED BY THIS
11 SECTION FOR THE PREVIOUS YEAR TO THE STATE BOARD OF DIRECTORS FOR COMMUNITY
12 COLLEGES BY DECEMBER 1. THE STATE BOARD MAY OFFER RECOMMENDATIONS REGARDING
13 A DISTRICT'S WORKFORCE DEVELOPMENT PLAN FOR FUTURE YEARS.

14 I. EACH COMMUNITY COLLEGE DISTRICT SHALL ANNUALLY SUBMIT A REPORT OF
15 THE EXPENDITURES AUTHORIZED IN THIS SECTION TO THE GOVERNOR, PRESIDENT OF THE
16 SENATE, SPEAKER OF THE HOUSE OF REPRESENTATIVES, AND DEPARTMENT OF COMMERCE
17 BY EACH DECEMBER 1 FOLLOWING THE END OF THE FISCAL YEAR FOR WHICH THE
18 EXPENDITURES HAVE BEEN MADE. THE REPORT SHALL INCLUDE THE PURPOSE AND GOALS
19 FOR WHICH THE WORKFORCE DEVELOPMENT MONIES WERE EXPENDED BY EACH DISTRICT
20 TOGETHER WITH A GENERAL ACCOUNTING OF THE EXPENDITURES AUTHORIZED IN
21 SUBSECTION B OF THIS SECTION. A COPY OF THE FINAL REPORT SHALL ALSO BE
22 PROVIDED TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE
23 LIBRARY, ARCHIVES AND PUBLIC RECORDS.

24 Sec. 19. Title 15, chapter 13, article 2, Arizona Revised Statutes,
25 is amended by adding section 15-1648, to read:

26 15-1648. Technology and research initiative fund; purpose

27 A. THE TECHNOLOGY AND RESEARCH INITIATIVE FUND IS ESTABLISHED
28 CONSISTING OF REVENUES TRANSFERRED TO THE FUND PURSUANT TO SECTION 42-5029,
29 SUBSECTION E, PARAGRAPH 2. THE ARIZONA BOARD OF REGENTS SHALL ADMINISTER THE
30 FUND. THE MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED TO THE ARIZONA
31 BOARD OF REGENTS FOR DISTRIBUTION PURSUANT TO THIS SECTION AND ARE EXEMPT
32 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

33 B. THE BOARD SHALL ADOPT RULES TO ADMINISTER THE TECHNOLOGY AND
34 RESEARCH INITIATIVE FUND IN ACCORDANCE WITH THIS SECTION. THE BOARD MAY
35 ALLOCATE UP TO TWENTY PER CENT OF THE MONIES IN THE FUND TO BE USED FOR
36 CAPITAL PROJECTS RELATING TO NEW ECONOMY INITIATIVES, INCLUDING DEBT SERVICE,
37 FOR THE UNIVERSITIES UNDER ITS JURISDICTION, PURSUANT TO CHAPTER 13, ARTICLE
38 5 OF THIS TITLE.

39 C. THE ARIZONA BOARD OF REGENTS SHALL RECEIVE REQUESTS FROM THE
40 INDIVIDUAL UNIVERSITIES AND SHALL DETERMINE THE AMOUNT AND DURATION OF EACH
41 AWARD. THE CRITERIA FOR THE EVALUATION OF EACH REQUEST SHALL BE AS FOLLOWS:

42 1. THE AWARD MUST BE RELATED TO ONE OF THE FOLLOWING:

43 (a) A SPECIFIC ACADEMIC OR RESEARCH FIELD.

1 (b) DESIGNED TO EXPAND ACCESS TO BACCALAUREATE OR POST-BACCALAUREATE
2 EDUCATION FOR TIME-BOUND AND PLACE-BOUND STUDENTS.

3 (c) TO IMPLEMENT RECOMMENDATIONS OF THE ARIZONA PARTNERSHIP FOR THE
4 NEW ECONOMY OR THE GOVERNOR'S TASK FORCE ON HIGHER EDUCATION.

5 2. THE AWARD MAY BE USED TO DEVELOP NEW AND EXISTING PROGRAMS THAT
6 WILL PREPARE STUDENTS TO CONTRIBUTE IN HIGH TECHNOLOGY INDUSTRIES LOCATED IN
7 THIS STATE.

8 3. THE AWARD MAY BE USED IN CONJUNCTION WITH MATCHING FINANCIAL
9 ASSISTANCE FROM PRIVATE INDUSTRY.

10 4. THE ARIZONA BOARD OF REGENTS SHALL GIVE PREFERENCE TO REQUESTS THAT
11 ARE DEVELOPED IN CONJUNCTION WITH PRIVATE INDUSTRY, PRIVATE ENTITIES OR
12 FEDERAL AGENCIES.

13 D. THE ARIZONA BOARD OF REGENTS SHALL SUBMIT A REPORT TO THE GOVERNOR,
14 THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
15 ON SEPTEMBER 1 OF EACH YEAR ON THE TECHNOLOGY AND RESEARCH AWARD PROGRAM AND
16 SHALL TRANSMIT A COPY TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE
17 ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE REPORT SHALL INCLUDE
18 A DESCRIPTION OF THE AMOUNT AND DURATION OF EACH NEW AWARD DISTRIBUTED AND
19 A DESCRIPTION OF THE PURPOSE AND GOALS FOR EACH AWARD. FOR EXISTING AWARDS,
20 THE ARIZONA BOARD OF REGENTS SHALL USE A DETAILED SET OF PERFORMANCE MEASURES
21 TO DETERMINE THE OVERALL EFFECTIVENESS OF EACH AWARD.

22 Sec. 20. Section 15-2051, Arizona Revised Statutes, is amended to
23 read:

24 15-2051. Authorization of state school facilities revenue bonds

25 A. ~~Subject to annual authorization by the legislature,~~ The school
26 facilities board may issue negotiable revenue bonds pursuant to this article.
27 IF AUTHORIZED BY THE LEGISLATURE, bonds may be issued under this article in
28 a principal amount not exceeding two hundred million dollars in a fiscal year
29 to:

30 1. Provide monies to pay the cost of:

31 (a) Acquiring real property and constructing new school facilities as
32 provided by section 15-2041.

33 (b) Bond related expenses including any expenses incurred by the
34 school facilities board to issue and administer its bonds including
35 underwriting fees and costs, trustee fees, financial consultant fees,
36 printing and advertising costs, paying agent fees, transfer agent fees,
37 legal, accounting, feasibility consultant and other professional fees and
38 expenses, bond insurance or other credit enhancements or liquidity
39 facilities, attorney and accounting fees and expenses related to credit
40 enhancement, bond insurance or liquidity enhancement, remarketing fees,
41 rating agency fees and costs, travel and telephone expenses and all other
42 fees considered necessary by the school facilities board in order to market
43 and administer the bonds.

1 2. Fully or partially fund any reserves or sinking accounts
2 established by the bond resolution.

3 B. The school facilities board shall authorize the bonds by
4 resolution. The resolution shall prescribe:

5 1. The fixed or variable rate or rates of interest, the date or dates
6 on which interest is payable and the denominations of the bonds.

7 2. The date or dates of the bonds and maturity, within ten years after
8 the date of issuance.

9 3. The form of the bonds.

10 4. The manner of executing the bonds.

11 5. The medium and place of payment.

12 6. The terms of redemption, which may provide for a premium for early
13 redemption.

14 C. The bonds issued pursuant to this article shall be known as state
15 school facilities revenue bonds.

16 Sec. 21. Section 15-2052, Arizona Revised Statutes, is amended to
17 read:

18 15-2052. Issuance and sale of revenue bonds

19 A. The school facilities board shall issue the bonds in the number and
20 amount provided in the resolution.

21 ~~B. The school facilities board shall publish a notice of its intention~~
22 ~~to issue bonds under this article for at least five consecutive days in a~~
23 ~~newspaper of general circulation published in this state. The last day of~~
24 ~~publication shall be at least ten days before the bonds are issued. The~~
25 ~~notice shall state the amount of the bonds to be sold and the intended date~~
26 ~~of issuance. A copy of the notice shall be hand delivered or sent by~~
27 ~~certified mail, return receipt requested, to the director of the department~~
28 ~~of administration on or before the last day of publication.~~

29 ~~C. B. The bonds shall be sold at public or private sale at the price~~
30 ~~and on the terms prescribed in the resolution at, above or below par.~~

31 ~~D. C. The net proceeds of the sale of the bonds required pursuant to~~
32 ~~section 15-2051, subsection A, paragraph 1, subdivision (b) and paragraph 2~~
33 ~~shall be deposited in the revenue bond proceeds fund established pursuant to~~
34 ~~section 15-2053.~~

35 Sec. 22. Section 15-2053, Arizona Revised Statutes, is amended to
36 read:

37 15-2053. School facilities revenue bond proceeds fund: use for
38 new school facilities

39 A. If the school facilities board issues revenue bonds under this
40 article, the board shall establish a SCHOOL FACILITIES revenue bond proceeds
41 fund consisting of the net proceeds received from the sale of the bonds.

42 B. The school facilities board may use monies in the SCHOOL FACILITIES
43 revenue bond proceeds fund only for new school facilities in the manner
44 prescribed by article 5 of this chapter THE PURPOSES PROVIDED IN SECTION

1 15-2051. SUBSECTION A. Monies in the revenue bond proceeds fund are exempt
2 from lapsing under section 35-190.

3 C. The state treasurer or bond trustee shall administer and account
4 for the SCHOOL FACILITIES revenue bond proceeds fund.

5 Sec. 23. Section 15-2054. Arizona Revised Statutes, is amended to
6 read:

7 15-2054. School facilities revenue bond debt service fund

8 A. The school facilities board shall establish a SCHOOL FACILITIES
9 revenue bond debt service fund consisting of monies received by the school
10 ~~facilities board~~ TRANSFERRED TO THE FUND pursuant to sections 37-521 and
11 42-5030.01.

12 B. Monies in the SCHOOL FACILITIES revenue bond debt service fund may
13 be used only for the purposes authorized by this article.

14 C. The state treasurer or bond trustee shall administer and account
15 for the SCHOOL FACILITIES revenue bond debt service fund.

16 Sec. 24. Section 15-2055. Arizona Revised Statutes, is amended to
17 read:

18 15-2055. Securing principal and interest

19 A. In connection with issuing bonds authorized by this article and to
20 secure the principal and interest on the bonds, the school facilities board
21 by resolution may:

22 1. Segregate the SCHOOL FACILITIES revenue bond debt service fund into
23 one or more accounts and subaccounts and provide that bonds issued under this
24 article may be secured by a lien on all or part of the monies paid into the
25 SCHOOL FACILITIES revenue bond debt service fund or into any account or
26 subaccount in the fund.

27 2. Provide that the bonds issued under this article are secured by a
28 first lien on the monies paid into the SCHOOL FACILITIES revenue bond debt
29 service fund as provided by section 37-521, subsection B, paragraph 1 and
30 section 42-5030.01, subsection A, and pledge and assign to or in trust for
31 the benefit of the holder or holders of the bonds all or part of the monies
32 in the SCHOOL FACILITIES revenue bond debt service fund, ~~or an~~ ANY account
33 or subaccount IN THE FUND OR IN THE SCHOOL FACILITIES REVENUE BOND PROCEEDS
34 FUND as is necessary to secure and pay the principal, the interest and any
35 premium on the bonds as they come due.

36 3. Establish priorities among bondholders based on criteria adopted
37 by the board.

38 4. Set aside, regulate and dispose of reserves and sinking accounts.

39 5. Prescribe the procedure, if any, by which the terms of any contract
40 with bondholders may be amended or abrogated, the amount of bonds the holders
41 of which must consent to and the manner in which the consent may be given.

42 6. Provide for payment of bond related expenses from the proceeds of
43 the sale of the bonds or other revenues authorized by this article and
44 available to the board.

1 7. Provide for the services of trustees, cotrustees, agents and
2 consultants and other specialized services with respect to the bonds.

3 8. Take any other action that in any way may affect the security and
4 protection of the bonds or interest on the bonds.

5 9. Refund any bonds issued by the board, if these bonds are secured
6 from the same source of revenues as the bonds authorized by this article, by
7 issuing new bonds.

8 10. Issue bonds partly to refund outstanding bonds and partly for any
9 other purpose consistent with this article.

10 B. BONDS ISSUED TO REFUND ANY BONDS ISSUED BY THE BOARD AS PROVIDED
11 BY SUBSECTION A, PARAGRAPHS 9 AND 10 OF THIS SECTION ARE NOT SUBJECT TO
12 LEGISLATIVE AUTHORIZATION OR THE TWO HUNDRED MILLION DOLLAR LIMITATION
13 PRESCRIBED BY SECTION 15-2051, SUBSECTION A.

14 Sec. 25. Section 15-2056, Arizona Revised Statutes, is amended to
15 read:

16 15-2056. Lien of pledge

17 A. Any pledge made under this article is valid and binding from the
18 time when the pledge is made.

19 B. The monies so pledged and received by the board to be placed in the
20 SCHOOL FACILITIES revenue bond debt service fund are immediately subject to
21 the lien of the pledge without any future physical delivery or further
22 act. Any lien of any pledge is valid and binding against all parties that
23 have claims of any kind against the board, regardless of whether the parties
24 have notice of the lien. The official resolution or trust indenture or any
25 instrument by which this pledge is created, when adopted by the board, is
26 notice to all concerned of the creation of the pledge, and those instruments
27 need not be recorded in any other place to perfect the pledge.

28 Sec. 26. Repeal

29 Section 15-2058, Arizona Revised Statutes, is repealed.

30 Sec. 27. Section 15-2059, Arizona Revised Statutes, is amended to
31 read:

32 15-2059. Payment of revenue bonds

33 A. The revenue bonds shall be paid solely from monies from the SCHOOL
34 FACILITIES revenue bond debt service fund established by section 15-2054 and
35 other monies that are credited to the SCHOOL FACILITIES revenue bond debt
36 service fund.

37 B. The state treasurer or the paying agent for the revenue bonds shall
38 cancel all revenue bonds when paid.

39 Sec. 28. Section 15-2060, Arizona Revised Statutes, is amended to
40 read:

1 15-2060. Investment of monies in school facilities revenue bond
2 proceeds fund

3 A. As provided by section 15-2062, the school facilities board may
4 authorize the state treasurer or bond trustee to invest monies in the SCHOOL
5 FACILITIES revenue bond proceeds fund established by section 15-2053.

6 B. The order directing an investment shall state a specified time when
7 the proceeds from the sale of the bonds will be used. The state treasurer
8 OR BOND TRUSTEE shall make the investment in such a way as to mature at the
9 specified date.

10 C. All monies earned as interest or otherwise derived from the
11 investment of the monies in the SCHOOL FACILITIES revenue bond proceeds fund
12 shall be credited to the SCHOOL FACILITIES revenue bond debt service fund
13 established by section 15-2054.

14 Sec. 29. Section 15-2061, Arizona Revised Statutes, is amended to
15 read:

16 15-2061. Investment of monies in the school facilities revenue
17 bond debt service fund

18 A. The school facilities board may authorize the state treasurer or
19 bond trustee to invest and reinvest any monies in the SCHOOL FACILITIES
20 revenue bond debt service fund as provided by section 15-2062.

21 B. All monies earned as interest or otherwise derived from the
22 investment of the monies in the SCHOOL FACILITIES revenue bond debt service
23 fund shall be credited to that fund.

24 Sec. 30. Section 15-2062, Arizona Revised Statutes, is amended to
25 read:

26 15-2062. Authorized investments of fund monies

27 A. At the direction of the school facilities board, the state
28 treasurer or bond trustee may invest or reinvest monies in either the SCHOOL
29 FACILITIES revenue bond proceeds fund or THE SCHOOL FACILITIES revenue debt
30 service fund in any of the following:

- 31 1. United States treasury obligations.
- 32 2. Consolidated farm loan bonds.
- 33 3. Obligations issued by the federal intermediate credit banks or by
34 banks for cooperatives on the authority of the farm credit act of 1933.
- 35 4. Any other obligations guaranteed by the United States government.
- 36 5. Any investments authorized by any other agencies of the United
37 States government that are authorized for use to secure public deposits AND
38 ARE AUTHORIZED BY SECTION 35-313 OR 35-326.
- 39 6. State, county or municipal bonds issued in this state on which the
40 payments of interest have not been deferred.
- 41 7. STATE AND LOCAL GOVERNMENT SERIES UNITED STATES TREASURY
42 SECURITIES.
- 43 8. INVESTMENT AGREEMENTS AND REPURCHASE AGREEMENTS COLLATERALIZED BY
44 INVESTMENTS DESCRIBED IN PARAGRAPHS 1 THROUGH 5.

1 B. The purchase of the securities shall be made by the state treasurer
2 or bond trustee on authority of a resolution of the board. The treasurer or
3 bond trustee shall act as custodian of all securities purchased. The
4 securities may be sold on an order of the board.

5 Sec. 31. Section 15-2063, Arizona Revised Statutes, is amended to
6 read:

7 15-2063. Audit

8 A. The school facilities board shall cause an annual audit to be made
9 of the SCHOOL FACILITIES revenue bond proceeds fund established in section
10 15-2053 and the SCHOOL FACILITIES revenue bond debt service fund established
11 in section 15-2054, including all accounts and subaccounts in the funds. A
12 certified public accountant shall conduct the audit within ninety days after
13 the end of the fiscal year.

14 B. The school facilities board shall immediately file a certified copy
15 of the audit with the auditor general. The auditor general may make any
16 further audits and examinations that are necessary and take appropriate
17 action relating to the audit or examination pursuant to title 41, chapter 7,
18 article 10.1. If the auditor general takes no official action within thirty
19 days after the audit is filed, the audit is considered to be sufficient.

20 C. The school facilities board shall pay negotiated and approved fees
21 and costs of the certified public accountant and auditor general under this
22 section from the SCHOOL FACILITIES revenue bond debt service fund established
23 by section 15-2054.

24 Sec. 32. Title 15, chapter 16, Arizona Revised Statutes, is amended
25 by adding article 7, to read:

26 ARTICLE 7. STATE SCHOOL IMPROVEMENT REVENUE BONDS

27 15-2081. Authorization of state school improvement revenue
28 bonds

29 A. THE SCHOOL FACILITIES BOARD MAY ISSUE REVENUE BONDS IN A PRINCIPAL
30 AMOUNT NOT TO EXCEED EIGHT HUNDRED MILLION DOLLARS PURSUANT TO THIS ARTICLE.
31 THE BONDS MAY BE ISSUED FOR THE FOLLOWING PURPOSES:

32 1. TO PROVIDE MONIES TO PAY THE COST OF:

33 (a) CORRECTING EXISTING DEFICIENCIES AS PRESCRIBED BY SECTION 15-2021.

34 (b) BOND RELATED EXPENSES INCLUDING ANY EXPENSES INCURRED BY THE
35 SCHOOL FACILITIES BOARD TO ISSUE AND ADMINISTER ITS BONDS INCLUDING
36 UNDERWRITING FEES AND COSTS, TRUSTEE FEES, FINANCIAL CONSULTANT FEES,
37 PRINTING AND ADVERTISING COSTS, PAYING AGENT FEES, TRANSFER AGENT FEES,
38 LEGAL, ACCOUNTING, FEASIBILITY CONSULTANT AND OTHER PROFESSIONAL FEES AND
39 EXPENSES, BOND INSURANCE OR OTHER CREDIT ENHANCEMENTS OR LIQUIDITY
40 FACILITIES, ATTORNEY AND ACCOUNTING FEES AND EXPENSES RELATED TO CREDIT
41 ENHANCEMENT, BOND INSURANCE OR LIQUIDITY ENHANCEMENT, REMARKETING FEES,
42 RATING AGENCY FEES AND COSTS, TRAVEL AND TELEPHONE EXPENSES AND ALL OTHER
43 FEES CONSIDERED NECESSARY BY THE SCHOOL FACILITIES BOARD IN ORDER TO MARKET
44 AND ADMINISTER THE BONDS.

1 2. TO FULLY OR PARTIALLY FUND ANY RESERVES OR SINKING ACCOUNTS
2 ESTABLISHED BY THE BOND RESOLUTION.
3 B. THE SCHOOL FACILITIES BOARD SHALL AUTHORIZE THE BONDS BY
4 RESOLUTION. THE RESOLUTION SHALL PRESCRIBE:
5 1. THE FIXED OR VARIABLE RATE OR RATES OF INTEREST, THE DATE OR DATES
6 ON WHICH INTEREST IS PAYABLE AND THE DENOMINATIONS OF THE BONDS.
7 2. THE DATE OR DATES OF THE BONDS AND MATURITY, WITHIN TWENTY YEARS
8 AFTER THE DATE OF ISSUANCE.
9 3. THE FORM OF THE BONDS.
10 4. THE MANNER OF EXECUTING THE BONDS.
11 5. THE MEDIUM AND PLACE OF PAYMENT.
12 6. THE TERMS OF REDEMPTION, WHICH MAY PROVIDE FOR A PREMIUM FOR EARLY
13 REDEMPTION.
14 C. THE BONDS ISSUED PURSUANT TO THIS ARTICLE SHALL BE KNOWN AS STATE
15 SCHOOL IMPROVEMENT REVENUE BONDS.
16 15-2082. Issuance and sale of school improvement revenue bonds
17 A. THE SCHOOL FACILITIES BOARD SHALL ISSUE THE SCHOOL IMPROVEMENT
18 REVENUE BONDS IN THE NUMBER AND AMOUNT PROVIDED IN THE RESOLUTION.
19 B. THE BONDS SHALL BE SOLD AT PUBLIC OR PRIVATE SALE AT THE PRICE AND
20 ON THE TERMS PRESCRIBED IN THE RESOLUTION AT, ABOVE OR BELOW PAR.
21 C. THE NET PROCEEDS OF THE SALE OF THE BONDS SHALL BE DEPOSITED IN THE
22 SCHOOL IMPROVEMENT REVENUE BOND PROCEEDS FUND ESTABLISHED PURSUANT TO SECTION
23 15-2083.
24 15-2083. School improvement revenue bond proceeds fund; use for
25 school improvements
26 A. IF THE SCHOOL FACILITIES BOARD ISSUES REVENUE BONDS UNDER THIS
27 ARTICLE, THE BOARD SHALL ESTABLISH A SCHOOL IMPROVEMENT REVENUE BOND PROCEEDS
28 FUND CONSISTING OF THE NET PROCEEDS RECEIVED FROM THE SALE OF THE BONDS.
29 B. THE SCHOOL FACILITIES BOARD MAY USE MONIES IN THE SCHOOL
30 IMPROVEMENT REVENUE BOND PROCEEDS FUND ONLY FOR THE PURPOSES PROVIDED IN
31 SECTION 15-2081, SUBSECTION A. MONIES IN THE SCHOOL IMPROVEMENT REVENUE BOND
32 PROCEEDS FUND ARE EXEMPT FROM LAPSING UNDER SECTION 35-190.
33 C. THE STATE TREASURER OR BOND TRUSTEE SHALL ADMINISTER AND ACCOUNT
34 FOR THE SCHOOL IMPROVEMENT REVENUE BOND PROCEEDS FUND.
35 15-2084. School improvement revenue bond debt service fund
36 A. THE SCHOOL FACILITIES BOARD SHALL ESTABLISH A SCHOOL IMPROVEMENT
37 REVENUE BOND DEBT SERVICE FUND CONSISTING OF MONIES RECEIVED BY THE SCHOOL
38 FACILITIES BOARD PURSUANT TO SECTION 42-5029, SUBSECTION E.
39 B. MONIES IN THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND MAY
40 BE USED ONLY FOR THE PURPOSES AUTHORIZED BY THIS ARTICLE.
41 C. THE STATE TREASURER OR BOND TRUSTEE SHALL ADMINISTER AND ACCOUNT
42 FOR THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND.

1 15-2085. Securing principal and interest

2 A. IN CONNECTION WITH ISSUING BONDS AUTHORIZED BY THIS ARTICLE AND TO
3 SECURE THE PRINCIPAL AND INTEREST ON THE BONDS, THE SCHOOL FACILITIES BOARD
4 BY RESOLUTION MAY:

5 1. SEGREGATE THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND
6 INTO ONE OR MORE ACCOUNTS AND SUBACCOUNTS AND PROVIDE THAT BONDS ISSUED UNDER
7 THIS ARTICLE MAY BE SECURED BY A LIEN ON ALL OR PART OF THE MONIES PAID INTO
8 THE REVENUE BOND DEBT SERVICE FUND OR INTO ANY ACCOUNT OR SUBACCOUNT IN THE
9 FUND.

10 2. PROVIDE THAT THE BONDS ISSUED UNDER THIS ARTICLE ARE SECURED BY A
11 FIRST LIEN ON THE MONIES PAID INTO THE SCHOOL IMPROVEMENT REVENUE BOND DEBT
12 SERVICE FUND AS PROVIDED BY SECTION 37-521, SUBSECTION B, PARAGRAPH 1 AND
13 SECTION 42-5029, SUBSECTION E AND PLEDGE AND ASSIGN TO OR IN TRUST FOR THE
14 BENEFIT OF THE HOLDER OR HOLDERS OF THE BONDS ALL OR PART OF THE MONIES IN
15 THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND, IN ANY ACCOUNT OR
16 SUBACCOUNT IN THE FUND OR IN THE SCHOOL IMPROVEMENT REVENUE BOND PROCEEDS
17 FUND AS IS NECESSARY TO SECURE AND PAY THE PRINCIPAL, THE INTEREST AND ANY
18 PREMIUM ON THE BONDS AS THEY COME DUE.

19 3. ESTABLISH PRIORITIES AMONG BONDHOLDERS BASED ON CRITERIA ADOPTED
20 BY THE BOARD.

21 4. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING ACCOUNTS.

22 5. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT
23 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS
24 OF WHICH MUST CONSENT TO AND THE MANNER IN WHICH THE CONSENT MAY BE GIVEN.

25 6. PROVIDE FOR PAYMENT OF BOND RELATED EXPENSES FROM THE PROCEEDS OF
26 THE SALE OF THE BONDS OR OTHER REVENUES AUTHORIZED BY THIS ARTICLE AND
27 AVAILABLE TO THE BOARD.

28 7. PROVIDE FOR THE SERVICES OF TRUSTEES, COTRUSTEES, AGENTS AND
29 CONSULTANTS AND OTHER SPECIALIZED SERVICES WITH RESPECT TO THE BONDS.

30 8. TAKE ANY OTHER ACTION THAT IN ANY WAY MAY AFFECT THE SECURITY AND
31 PROTECTION OF THE BONDS OR INTEREST ON THE BONDS.

32 9. REFUND ANY BONDS ISSUED BY THE BOARD, IF THESE BONDS ARE SECURED
33 FROM THE SAME SOURCE OF REVENUES AS THE BONDS AUTHORIZED BY THIS ARTICLE, BY
34 ISSUING NEW BONDS, WHETHER AT OR BEFORE MATURITY OF THE BONDS BEING REFUNDED.

35 10. ISSUE BONDS PARTLY TO REFUND OUTSTANDING BONDS AND PARTLY FOR ANY
36 OTHER PURPOSE CONSISTENT WITH THIS ARTICLE.

37 B. BONDS ISSUED TO REFUND ANY BONDS ISSUED BY THE BOARD AS PROVIDED
38 BY SUBSECTION A, PARAGRAPHS 9 AND 10 OF THIS SECTION ARE NOT SUBJECT TO
39 LEGISLATIVE AUTHORIZATION OR SUBJECT TO THE EIGHT HUNDRED MILLION DOLLAR
40 LIMITATION PRESCRIBED BY SECTION 15-2081, SUBSECTION A.

41 15-2086. Lien of pledge

42 A. ANY PLEDGE MADE UNDER THIS ARTICLE IS VALID AND BINDING FROM THE
43 TIME WHEN THE PLEDGE IS MADE.

1 B. THE MONIES SO PLEDGED AND RECEIVED BY THE BOARD TO BE PLACED IN THE
2 SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND ARE IMMEDIATELY SUBJECT TO
3 THE LIEN OF THE PLEDGE WITHOUT ANY FUTURE PHYSICAL DELIVERY OR FURTHER
4 ACT. ANY LIEN OF ANY PLEDGE IS VALID AND BINDING AGAINST ALL PARTIES THAT
5 HAVE CLAIMS OF ANY KIND AGAINST THE BOARD, REGARDLESS OF WHETHER THE PARTIES
6 HAVE NOTICE OF THE LIEN. THE OFFICIAL RESOLUTION OR TRUST INDENTURE OR ANY
7 INSTRUMENT BY WHICH THIS PLEDGE IS CREATED, WHEN ADOPTED BY THE BOARD, IS
8 NOTICE TO ALL CONCERNED OF THE CREATION OF THE PLEDGE, AND THOSE INSTRUMENTS
9 NEED NOT BE RECORDED IN ANY OTHER PLACE TO PERFECT THE PLEDGE.

10 15-2087. Bond purchase; cancellation

11 THE SCHOOL FACILITIES BOARD MAY PURCHASE BONDS FOR CANCELLATION OUT OF
12 ANY MONIES AVAILABLE FOR THE PURCHASE AT A PRICE OF NOT MORE THAN EITHER OF
13 THE FOLLOWING:

14 1. IF THE BONDS ARE REDEEMABLE AT THE TIME OF THE PURCHASE, THE
15 APPLICABLE REDEMPTION PRICE PLUS ACCRUED INTEREST TO THE NEXT INTEREST
16 PAYMENT DATE ON THE BONDS.

17 2. IF THE BONDS ARE NOT REDEEMABLE AT THE TIME OF THE PURCHASE, THE
18 APPLICABLE REDEMPTION PRICE ON THE FIRST DATE AFTER THE PURCHASE ON WHICH THE
19 BONDS BECOME SUBJECT TO REDEMPTION PLUS ACCRUED INTEREST TO THAT DATE.

20 15-2088. Payment of revenue bonds

21 A. THE REVENUE BONDS SHALL BE PAID SOLELY FROM MONIES FROM THE SCHOOL
22 IMPROVEMENT REVENUE BOND DEBT SERVICE FUND ESTABLISHED PURSUANT TO SECTION
23 15-2084 AND OTHER MONIES THAT ARE CREDITED TO THE SCHOOL IMPROVEMENT REVENUE
24 BOND DEBT SERVICE FUND.

25 B. THE STATE TREASURER OR THE PAYING AGENT FOR THE REVENUE BONDS SHALL
26 CANCEL ALL REVENUE BONDS WHEN PAID.

27 15-2089. Investment of monies in school improvement revenue
28 bond proceeds fund

29 A. AS PROVIDED BY SECTION 15-2091, THE SCHOOL FACILITIES BOARD MAY
30 AUTHORIZE THE STATE TREASURER OR BOND TRUSTEE TO INVEST MONIES IN THE SCHOOL
31 IMPROVEMENT REVENUE BOND PROCEEDS FUND ESTABLISHED PURSUANT TO SECTION
32 15-2083.

33 B. THE ORDER DIRECTING AN INVESTMENT SHALL STATE A SPECIFIED TIME WHEN
34 THE PROCEEDS FROM THE SALE OF THE BONDS WILL BE USED. THE STATE TREASURER
35 OR BOND TRUSTEE SHALL MAKE THE INVESTMENT IN SUCH A WAY AS TO MATURE AT THE
36 SPECIFIED DATE.

37 C. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
38 INVESTMENT OF THE MONIES IN THE SCHOOL IMPROVEMENT REVENUE BOND PROCEEDS FUND
39 SHALL BE CREDITED TO THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND
40 ESTABLISHED BY SECTION 15-2084.

1 15-2090. Investment of monies in the school improvement revenue
2 bond debt service fund

3 A. THE SCHOOL FACILITIES BOARD MAY AUTHORIZE THE STATE TREASURER OR
4 BOND TRUSTEE TO INVEST AND REINVEST ANY MONIES IN THE SCHOOL IMPROVEMENT
5 REVENUE BOND DEBT SERVICE FUND AS PROVIDED BY SECTION 15-2082.

6 B. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
7 INVESTMENT OF THE MONIES IN THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE
8 FUND SHALL BE CREDITED TO THAT FUND.

9 15-2091. Authorized investments of fund monies

10 A. ~~AT THE DIRECTION OF THE SCHOOL FACILITIES BOARD, THE STATE~~
11 TREASURER OR BOND TRUSTEE MAY INVEST OR REINVEST MONIES IN EITHER THE SCHOOL
12 IMPROVEMENT REVENUE BOND PROCEEDS FUND OR THE SCHOOL IMPROVEMENT REVENUE DEBT
13 SERVICE FUND IN ANY OF THE FOLLOWING:

- 14 1. UNITED STATES TREASURY OBLIGATIONS.
- 15 2. CONSOLIDATED FARM LOAN BONDS.
- 16 3. OBLIGATIONS ISSUED BY THE FEDERAL INTERMEDIATE CREDIT BANKS OR BY
17 BANKS FOR COOPERATIVES ON THE AUTHORITY OF THE FARM CREDIT ACT OF 1933.
- 18 4. ANY OTHER OBLIGATIONS GUARANTEED BY THE UNITED STATES GOVERNMENT.
- 19 5. ANY INVESTMENTS THAT ARE AUTHORIZED BY ANY OTHER AGENCIES OF THE
20 UNITED STATES GOVERNMENT AND THAT ARE AUTHORIZED FOR USE TO SECURE PUBLIC
21 DEPOSITS AND ARE AUTHORIZED BY SECTION 35-313 OR 35-326.
- 22 6. STATE, COUNTY OR MUNICIPAL BONDS THAT ARE ISSUED IN THIS STATE AND
23 ON WHICH THE PAYMENTS OF INTEREST HAVE NOT BEEN DEFERRED.
- 24 7. STATE AND LOCAL GOVERNMENT SERIES UNITED STATES TREASURY
25 SECURITIES.

26 8. INVESTMENT AGREEMENTS AND REPURCHASE AGREEMENTS COLLATERALIZED BY
27 INVESTMENTS DESCRIBED IN PARAGRAPHS 1 THROUGH 5 OF THIS SUBSECTION.

28 B. THE PURCHASE OF THE SECURITIES SHALL BE MADE BY THE STATE TREASURER
29 OR BOND TRUSTEE ON AUTHORITY OF A RESOLUTION OF THE BOARD. THE TREASURER OR
30 BOND TRUSTEE SHALL ACT AS CUSTODIAN OF ALL SECURITIES PURCHASED. THE
31 SECURITIES MAY BE SOLD ON AN ORDER OF THE BOARD.

32 15-2092. Audit

33 A. THE SCHOOL FACILITIES BOARD SHALL CAUSE AN ANNUAL AUDIT TO BE MADE
34 OF THE SCHOOL IMPROVEMENT REVENUE BOND PROCEEDS FUND ESTABLISHED BY SECTION
35 15-2083 AND THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE FUND ESTABLISHED
36 BY SECTION 15-2084, INCLUDING ALL ACCOUNTS AND SUBACCOUNTS IN THE FUNDS. A
37 CERTIFIED PUBLIC ACCOUNTANT SHALL CONDUCT THE AUDIT WITHIN NINETY DAYS AFTER
38 THE END OF THE FISCAL YEAR.

39 B. THE SCHOOL FACILITIES BOARD SHALL IMMEDIATELY FILE A CERTIFIED COPY
40 OF THE AUDIT WITH THE AUDITOR GENERAL. THE AUDITOR GENERAL MAY MAKE ANY
41 FURTHER AUDITS AND EXAMINATIONS THAT ARE NECESSARY AND MAY TAKE APPROPRIATE
42 ACTION RELATING TO THE AUDIT OR EXAMINATION PURSUANT TO TITLE 41, CHAPTER 7,
43 ARTICLE 10.1. IF THE AUDITOR GENERAL TAKES NO OFFICIAL ACTION WITHIN THIRTY
44 DAYS AFTER THE AUDIT IS FILED, THE AUDIT IS CONSIDERED TO BE SUFFICIENT.

1 C. THE SCHOOL FACILITIES BOARD SHALL PAY NEGOTIATED AND APPROVED FEES
2 AND COSTS OF THE CERTIFIED PUBLIC ACCOUNTANT AND AUDITOR GENERAL UNDER THIS
3 SECTION FROM THE REVENUE BOND DEBT SERVICE FUND ESTABLISHED BY SECTION
4 15-2084.

5 15-2093. Characteristics of bonds; negotiable; exemption from
6 taxation; obligation; legal investments

7 A. BONDS ISSUED UNDER THIS ARTICLE ARE FULLY NEGOTIABLE WITHIN THE
8 MEANING AND FOR ALL PURPOSES OF THE UNIFORM COMMERCIAL CODE, SUBJECT ONLY TO
9 ANY PROVISIONS FOR REGISTRATION, REGARDLESS OF WHETHER THE BONDS ACTUALLY
10 CONSTITUTE NEGOTIABLE INSTRUMENTS UNDER THE UNIFORM COMMERCIAL CODE.

11 B. THE BONDS, THEIR TRANSFER AND THE INCOME FROM THE BONDS ARE AT ALL
12 TIMES FREE FROM TAXATION IN THIS STATE.

13 C. BONDS ISSUED UNDER THIS ARTICLE:

14 1. ARE OBLIGATIONS OF THE BOARD. THE MEMBERS OF THE BOARD AND PERSONS
15 EXECUTING THE BONDS ARE NOT PERSONALLY LIABLE FOR PAYMENT OF THE BONDS.

16 2. ARE PAYABLE ONLY ACCORDING TO THEIR TERMS.

17 3. DO NOT CONSTITUTE A DEBT OF THIS STATE.

18 4. ARE NOT ENFORCEABLE AGAINST THIS STATE NOR IS PAYMENT OF THE BONDS
19 ENFORCEABLE OUT OF ANY MONIES OTHER THAN THE REVENUE PLEDGED AND ASSIGNED TO,
20 OR IN TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE BONDS.

21 5. ARE SECURITIES IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE
22 AND OF MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE, ALL
23 COMPANIES, ASSOCIATIONS AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS,
24 ALL FINANCIAL INSTITUTIONS, INVESTMENT COMPANIES AND OTHER PERSONS CARRYING
25 ON A BANKING BUSINESS, ALL FIDUCIARIES AND ALL OTHER PERSONS WHO ARE
26 AUTHORIZED TO INVEST IN GOVERNMENT OBLIGATIONS MAY PROPERLY AND LEGALLY
27 INVEST.

28 6. ARE SECURITIES THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR BODIES
29 OF THIS STATE AND MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE FOR
30 PURPOSES THAT REQUIRE THE DEPOSIT OF GOVERNMENT BONDS OR OBLIGATIONS.

31 15-2094. Effect of changing circumstances on bonds; agreement
32 of state

33 A. BONDS ISSUED UNDER THIS ARTICLE REMAIN VALID AND BINDING
34 OBLIGATIONS OF THE BOARD NOTWITHSTANDING THAT BEFORE THE DELIVERY OF THE
35 BONDS ANY OF THE PERSONS WHOSE SIGNATURES APPEAR ON THE BONDS CEASE TO BE
36 MEMBERS OF THE SCHOOL FACILITIES BOARD.

37 B. AN AMENDMENT OF ANY PROVISION OF THIS ARTICLE DOES NOT DIMINISH OR
38 IMPAIR THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE OR THE REMEDIES AND
39 RIGHTS OF BONDHOLDERS.

40 C. THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS
41 AUTHORIZED BY THIS ARTICLE THAT THIS STATE WILL NOT LIMIT, ALTER OR IMPAIR
42 THE RIGHTS AND REMEDIES OF THE BONDHOLDERS UNTIL ALL BONDS ISSUED UNDER THIS
43 ARTICLE, TOGETHER WITH INTEREST ON THE BONDS, INTEREST ON ANY UNPAID
44 INSTALLMENTS OF PRINCIPAL OR INTEREST AND ALL COSTS AND EXPENSES IN

1 CONNECTION WITH ANY ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE BONDHOLDERS,
2 ARE FULLY MET AND DISCHARGED. THE BOARD, AS AGENT FOR THIS STATE, MAY
3 INCLUDE THIS PLEDGE AND UNDERTAKING IN ITS RESOLUTIONS AND INDENTURES
4 AUTHORIZING AND SECURING THE BONDS.

5 15-2095. Validity of bonds; certification by attorney general

6 A. THIS ARTICLE CONSTITUTES FULL AUTHORITY FOR AUTHORIZING AND ISSUING
7 BONDS WITHOUT REFERENCE TO ANY OTHER LAW OF THIS STATE. NO OTHER LAW WITH
8 REGARD TO AUTHORIZING OR ISSUING OBLIGATIONS OR THAT IN ANY WAY IMPEDES OR
9 RESTRICTS PERFORMING THE ACTS AUTHORIZED BY THIS ARTICLE MAY BE CONSTRUED TO
10 APPLY TO ANY PROCEEDINGS TAKEN OR ACTS DONE PURSUANT TO THIS ARTICLE.

11 B. THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE DOES NOT DEPEND ON
12 AND IS NOT AFFECTED BY THE LEGALITY OF ANY PROCEEDING RELATING TO ANY ACTION
13 BY THE SCHOOL FACILITIES BOARD IN GRANTING OR LENDING MONIES OR THE
14 ACQUISITION, CONSTRUCTION OR IMPROVEMENT OF ANY FACILITY PAID WITH MONIES
15 PROVIDED BY THE BOARD.

16 C. THE SCHOOL FACILITIES BOARD MAY SUBMIT TO THE ATTORNEY GENERAL
17 REVENUE BONDS TO BE ISSUED UNDER THIS ARTICLE AFTER ALL PROCEEDINGS FOR
18 AUTHORIZING THE BONDS HAVE BEEN COMPLETED. WITHIN FIFTEEN DAYS AFTER
19 SUBMISSION, THE ATTORNEY GENERAL SHALL EXAMINE THE BONDS AND PASS ON THE
20 VALIDITY OF THE BONDS AND THE REGULARITY OF THE PROCEEDINGS. IF THE BONDS
21 AND PROCEEDINGS COMPLY WITH THE CONSTITUTION OF ARIZONA AND THIS ARTICLE, AND
22 IF THE BONDS WHEN DELIVERED AND PAID FOR WILL CONSTITUTE BINDING AND LEGAL
23 OBLIGATIONS OF THE BOARD, THE ATTORNEY GENERAL SHALL CERTIFY IN SUBSTANCE
24 THAT THE BONDS ARE ISSUED ACCORDING TO THE CONSTITUTION AND LAWS OF THIS
25 STATE.

26 D. THE BONDS SHALL RECITE THAT THEY ARE REGULARLY ISSUED PURSUANT TO
27 THIS ARTICLE. THAT RECITAL, TOGETHER WITH THE CERTIFICATION BY THE ATTORNEY
28 GENERAL UNDER SUBSECTION C OF THIS SECTION, CONSTITUTES PRIMA FACIE EVIDENCE
29 OF THE LEGALITY AND VALIDITY OF THE BONDS. FROM AND AFTER THE SALE AND
30 DELIVERY OF THE BONDS, THEY ARE INCONTESTABLE BY THE SCHOOL FACILITIES BOARD
31 OR THIS STATE.

32 Sec. 33. Title 15, Arizona Revised Statutes, is amended by adding
33 chapter 17, to read:

34 CHAPTER 17

35 LOCAL EDUCATION ACCOUNTABILITY PROGRAM

36 ARTICLE 1. GENERAL PROVISIONS

37 15-2201. Local education accountability program; phase-in

38 A. THE LOCAL EDUCATION ACCOUNTABILITY PROGRAM IS ESTABLISHED TO
39 PROVIDE DIRECT FUNDING ASSOCIATED WITH TEACHER SALARIES, AVERAGE DAILY
40 MEMBERSHIP, AND TRANSPORTATION OF PUPILS TO LOCAL INDIVIDUAL SCHOOLS.

41 B. BY JANUARY 1 OF EACH YEAR, PRINCIPALS OF SCHOOLS NOT PARTICIPATING
42 IN THE LOCAL EDUCATION ACCOUNTABILITY PROGRAM MAY PROVIDE WRITTEN NOTICE TO
43 THE DISTRICT SUPERINTENDENT OF SCHOOLS AND THE DEPARTMENT OF EDUCATION OF
44 INTENT TO APPLY FOR PARTICIPATION IN THE PROGRAM.

- 1 C. EACH SCHOOL DISTRICT SHALL, FROM THE APPLICATIONS MADE AND BY MARCH
2 1 OF EACH YEAR, SELECT AT LEAST ONE SCHOOL TO PARTICIPATE IN THE PROGRAM AND
3 SHALL SELECT ADDITIONAL SCHOOLS AS NECESSARY TO REACH TEN PER CENT OF THE
4 NUMBER OF SCHOOLS IN THE DISTRICT. IF APPLICATIONS ARE RECEIVED FROM MORE
5 THAN TEN PER CENT OF THE SCHOOLS, THE DISTRICT MAY, AT ITS SOLE OPTION,
6 DETERMINE THE SCHOOLS MAKING UP TEN PER CENT OF THE SCHOOLS IN THE DISTRICT
7 WHICH SHALL PARTICIPATE IN THE PROGRAM. NOTHING IN THIS SECTION SHALL BE
8 CONSTRUED AS A LIMITATION OF THE NUMBER OF SCHOOLS WHICH THE DISTRICT MAY
9 ADMIT TO THE PROGRAM IN ANY ONE YEAR.
- 10 D. THE PRINCIPAL OF EACH SCHOOL SELECTED TO PARTICIPATE IN THE PROGRAM
11 MAY:
 - 12 1. ADOPT A CORPORATE SEAL.
 - 13 2. CONTRACT, EXCEPT THAT THE PRINCIPAL SHALL NOT ENTER INTO ANY
14 CONTRACT FOR GOODS OR SERVICES IN WHICH THE TOTAL COST OF THE TRANSACTION
15 EXCEEDS FIVE THOUSAND DOLLARS WITHOUT WRITTEN APPROVAL FROM THE SCHOOL
16 DISTRICT GOVERNING BOARD. THE SCHOOL DISTRICT GOVERNING BOARD SHALL APPROVE
17 ANY PROPOSED CONTRACT SUBMITTED BY THE PRINCIPAL PURSUANT TO THIS PARAGRAPH
18 IF THE CONTRACT IS IN PROPER FORM AND IF THE CONTRACT IS FOR A LAWFUL
19 PURPOSE. THE PRINCIPAL SHALL HONOR ANY EXISTING CONTRACTUAL OBLIGATIONS
20 BETWEEN THE SCHOOL DISTRICT AND ANY PROVIDER OF GOODS OR SERVICES TO THE
21 SCHOOL.
 - 22 3. SUE AND BE SUED.
- 23 E. THE PRINCIPAL OF EACH FINANCIALLY AND OPERATIONALLY INDEPENDENT
24 SCHOOL SHALL NEGOTIATE EMPLOYMENT CONTRACTS WITH TEACHERS WHO PROVIDE
25 INSTRUCTION AT THE SCHOOL, EXCEPT THAT THE PRINCIPAL SHALL HONOR ANY EXISTING
26 EMPLOYMENT AGREEMENTS BETWEEN THOSE TEACHERS AND THE SCHOOL DISTRICT. THE
27 SALARY PAID TO A TEACHER WHO PROVIDES INSTRUCTION AT A FINANCIALLY AND
28 OPERATIONALLY INDEPENDENT SCHOOL SHALL NOT BE LESS THAN THE SALARY EARNED BY
29 THAT TEACHER BEFORE THE SCHOOL BECAME FINANCIALLY AND OPERATIONALLY
30 INDEPENDENT AND SHALL NOT BE LESS THAN THE SALARY OFFERED BY THAT SCHOOL
31 DISTRICT TO TEACHERS WITH COMPARABLE WORK EXPERIENCE AND A COMPARABLE LEVEL
32 OF EDUCATION.
- 33 F. EACH FINANCIALLY AND OPERATIONALLY INDEPENDENT SCHOOL SHALL PROCURE
34 LIABILITY INSURANCE, PROPERTY DAMAGE INSURANCE, WORKERS' COMPENSATION
35 INSURANCE AND ANY OTHER FORMS OF INSURANCE DEEMED NECESSARY OR DESIRABLE BY
36 THE PRINCIPAL OF THE SCHOOL.
- 37 G. TAXPAYERS ARE ELIGIBLE TO RECEIVE A TAX CREDIT PURSUANT TO SECTION
38 43-1089.01 FOR CONTRIBUTIONS TO FINANCIALLY AND OPERATIONALLY INDEPENDENT
39 SCHOOLS.
- 40 H. A SCHOOL DISTRICT GOVERNING BOARD SHALL NOT TAKE ANY PERSONNEL
41 ACTION AGAINST A PRINCIPAL APPLYING TO PARTICIPATE IN THE LOCAL EDUCATION
42 ACCOUNTABILITY PROGRAM.
- 43 I. A SCHOOL DISTRICT GOVERNING BOARD SHALL NOT TAKE ANY PERSONNEL
44 ACTION AGAINST A PRINCIPAL OF A FINANCIALLY AND OPERATIONALLY INDEPENDENT

1 SCHOOL THAT IS DIRECTLY OR INDIRECTLY CONTINGENT ON THE AMOUNT OF SERVICES
2 THAT THE SCHOOL WILL CONTRACT TO PURCHASE FROM THE SCHOOL DISTRICT. AS USED
3 IN THIS SUBSECTION "PERSONNEL ACTION" MEANS ANY OF THE FOLLOWING:

- 4 1. A DISCIPLINARY OR CORRECTIVE ACTION.
- 5 2. A TRANSFER OR REASSIGNMENT.
- 6 3. A SUSPENSION, DEMOTION OR DISMISSAL.
- 7 4. AN UNFAVORABLE PERFORMANCE EVALUATION.
- 8 5. A REDUCTION IN PAY, BENEFITS OR AWARDS.

9 6. OTHER SIGNIFICANT CHANGES IN DUTIES OR RESPONSIBILITIES THAT ARE
10 INCONSISTENT WITH THE PRINCIPAL'S SALARY OR EMPLOYMENT CLASSIFICATION.

11 15-2202. Responsibilities of principals

12 A. THE PRINCIPAL OF EACH FINANCIALLY AND OPERATIONALLY INDEPENDENT
13 SCHOOL SHALL FOLLOW EXISTING SCHOOL DISTRICT POLICIES UNLESS THE PRINCIPAL
14 PROVIDES WRITTEN NOTIFICATION TO THE SCHOOL DISTRICT GOVERNING BOARD OF ANY
15 MODIFICATIONS TO EXISTING DISTRICT POLICIES THAT WILL BE IN EFFECT AT THE
16 SCHOOL.

17 B. THE PRINCIPAL OF EACH FINANCIALLY AND OPERATIONALLY INDEPENDENT
18 SCHOOL MAY:

19 1. RENEW OR DECLINE TO RENEW TEACHER EMPLOYMENT CONTRACTS. THE
20 DISMISSAL OF TEACHERS EMPLOYED AT THE SCHOOL SHALL CONFORM TO CHAPTER 5 OF
21 THIS TITLE AND RULES ADOPTED BY THE STATE BOARD OF EDUCATION FOR THE
22 EVALUATION AND DISMISSAL OF TEACHERS.

23 2. APPROVE, ADOPT AND PURCHASE ACADEMIC CURRICULA, PUBLICATIONS AND
24 SUPPORTING MATERIALS, NOTWITHSTANDING ANY CURRICULUM ADOPTED BY THE SCHOOL
25 DISTRICT TO THE CONTRARY. ANY CURRICULA ADOPTED BY THE PRINCIPAL SHALL BE
26 IN ACCORDANCE WITH THE ACADEMIC STANDARDS ADOPTED BY THE STATE BOARD OF
27 EDUCATION.

28 15-2203. Distribution of monies from school districts to
29 schools

30 A. BY APRIL 1 THE GOVERNING BOARD OF EACH SCHOOL DISTRICT SHALL
31 PROVIDE A DETAILED WRITTEN MENU OF SERVICES THAT THE DISTRICT WILL OFFER TO
32 PROVIDE TO FINANCIALLY AND OPERATIONALLY INDEPENDENT SCHOOLS. THE COST
33 CHARGED TO THE FINANCIALLY AND OPERATIONALLY INDEPENDENT SCHOOLS FOR SERVICES
34 PROVIDED BY THE SCHOOL DISTRICT SHALL NOT EXCEED THE COSTS CHARGED TO OTHER
35 SCHOOLS IN THE SCHOOL DISTRICT.

36 B. AFTER DEDUCTING NECESSARY EXPENSES THAT ARE DIRECTLY RELATED TO THE
37 ADMINISTRATION OF THE SCHOOL DISTRICT, EACH SCHOOL DISTRICT SHALL DISTRIBUTE
38 ALL MONIES THAT ARE ASSOCIATED WITH TEACHER SALARIES, AVERAGE DAILY
39 MEMBERSHIP AND TRANSPORTATION OF PUPILS DIRECTLY TO THE PRINCIPAL OF EACH
40 SCHOOL IN THE SCHOOL DISTRICT IN THE SAME MANNER AS PRESCRIBED FOR SCHOOL
41 DISTRICTS PURSUANT TO SECTION 15-973, SUBSECTION B, EXCEPT THAT SPECIAL
42 EDUCATION WEIGHTED FUNDING PRESCRIBED PURSUANT TO SECTION 15-943 SHALL BE
43 DISTRIBUTED TO AND ADMINISTERED BY THE SCHOOL DISTRICT. THE SCHOOL DISTRICT
44 SHALL ENTER INTO A GOOD FAITH AGREEMENT WITH THE PRINCIPAL FOR THE

1 DISTRIBUTION OF SPECIAL EDUCATION MONIES. THE DISTRIBUTION OF SPECIAL
2 EDUCATION MONIES TO THE FINANCIALLY AND OPERATIONALLY INDEPENDENT SCHOOL NEED
3 NOT NECESSARILY CONFORM TO THE AMOUNT OF THE GROUP B WEIGHTS PRESCRIBED IN
4 SECTION 15-943.

5 C. BY JUNE 1 THE PRINCIPAL OF EACH INDIVIDUAL SCHOOL SHALL NOTIFY THE
6 GOVERNING BOARD OF THE SCHOOL DISTRICT WHICH, IF ANY, SERVICES THAT THE
7 SCHOOL WILL CONTRACT TO PURCHASE FROM THE SCHOOL DISTRICT.

8 D. ON JULY 1 OF THE FIRST YEAR OF EACH SCHOOL'S FINANCIAL AND
9 OPERATION INDEPENDENCE FROM THE SCHOOL DISTRICT, THE DEPARTMENT OF EDUCATION
10 SHALL APPORTION TO THE SCHOOL ONE-THIRD OF THE TOTAL AMOUNT OF THE MONIES TO
11 BE APPORTIONED DURING THE FISCAL YEAR THAT ARE ASSOCIATED WITH AVERAGE DAILY
12 MEMBERSHIP AND TRANSPORTATION OF PUPILS.

13 E. IF THE QUALIFIED ELECTORS OF THE SCHOOL DISTRICT APPROVE A SCHOOL
14 DISTRICT BUDGET OVERRIDE PURSUANT TO SECTION 15-481, A FINANCIALLY AND
15 OPERATIONALLY INDEPENDENT SCHOOL IS ENTITLED TO THE SAME AMOUNT OF PROCEEDS
16 FROM THE OVERRIDE ELECTION THAT THE SCHOOL WOULD BE ENTITLED TO RECEIVE IF
17 THE SCHOOL WERE NOT FINANCIALLY AND OPERATIONALLY INDEPENDENT FROM THE SCHOOL
18 DISTRICT.

19 F. THE SCHOOL DISTRICT IS RESPONSIBLE FOR PROVIDING INTERSCHOLASTIC
20 ATHLETIC SERVICES FOR FINANCIALLY AND OPERATIONALLY INDEPENDENT SCHOOLS. THE
21 SCHOOL DISTRICT MAY CHARGE THE COSTS OF PROVIDING INTERSCHOLASTIC ATHLETIC
22 SERVICES TO FINANCIALLY AND OPERATIONALLY INDEPENDENT SCHOOLS THAT
23 PARTICIPATE IN INTERSCHOLASTIC ATHLETIC ACTIVITIES.

24 Sec. 34. Section 37-521, Arizona Revised Statutes, is amended to read:

25 37-521. Permanent state school fund; composition; use

26 A. The permanent state school fund shall consist of:

27 1. The proceeds of all lands granted to the state by the United States
28 for the support of common schools.

29 2. All property which accrues to the state by escheat or forfeiture.

30 3. All property donated for the benefit of the common schools, unless
31 the terms of the donation otherwise provide.

32 4. All unclaimed shares and dividends of any corporation incorporated
33 under the laws of this state.

34 5. The proceeds of sale of timber, mineral, gravel or other natural
35 products or property from school lands and state lands other than those
36 granted for specific purposes.

37 6. The residue of the lands granted for payment of the bonds and
38 accrued interest issued by Maricopa, Pima, Yavapai and Coconino counties,
39 after the purpose of the grant has been satisfied, and the five per cent of
40 the proceeds of sales of public lands lying within this state sold by the
41 United States subsequent to admission of this state into the union, as
42 granted by the enabling act.

43 B. The fund shall be and remain a perpetual fund and distributions
44 from the fund pursuant to article X, section 7, Constitution of Arizona.

1 together with the monies derived from the rental of the lands and property,
2 including interest and accrued rent for that year credited pursuant to
3 section 37-295, shall be used as follows, ~~subject to legislative~~
4 ~~appropriation:~~

5 1. ~~From and after June 30, 1999,~~ If there are outstanding state school
6 facilities revenue bonds pursuant to title 15, chapter 16, article 6, the
7 state treasurer shall credit ANNUALLY TRANSFER to the state school facilities
8 revenue bond debt service fund established in section 15-2054 the amount that
9 is necessary to ~~service the obligation of issued and~~ PAY THAT FISCAL YEAR'S
10 DEBT SERVICE ON outstanding state school facilities revenue bonds.

11 2. ~~From and after June 30, 1999,~~ If there are no outstanding state
12 school facilities revenue bonds pursuant to title 15, chapter 16, article 6
13 or if the amount of monies available under this subsection exceeds the amount
14 required under paragraph 1 of this subsection, the monies are subject to
15 legislative appropriation to the new school facilities fund established by
16 section 15-2041.

17 3. ~~From and after June 30, 1999,~~ If the amount of monies available
18 under this subsection exceeds the amount required under paragraphs 1 and 2
19 of this subsection, the ~~remaining amount shall~~ LEGISLATURE MAY ANNUALLY
20 APPROPRIATE AN AMOUNT TO be used as provided in section 15-971, subsection
21 H, EXCEPT THAT THE AMOUNT APPROPRIATED MAY NOT EXCEED THE AMOUNT APPROPRIATED
22 FOR THIS PURPOSE IN FISCAL YEAR 2000-2001.

23 4. NOTWITHSTANDING PARAGRAPHS 1, 2 AND 3 OF THIS SUBSECTION, FROM AND
24 AFTER JUNE 30, 2001, ANY EXPENDABLE EARNINGS FROM THE PERMANENT STATE SCHOOL
25 FUND THAT EXCEED THE FISCAL YEAR 2000-2001 EXPENDABLE EARNINGS SHALL BE
26 DEPOSITED IN THE CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977.

27 Sec. 35. Section 41-1276, Arizona Revised Statutes, as amended by Laws
28 2000, chapter 187, section 8, is amended to read:

29 41-1276. Truth in taxation levy for equalization assistance to
30 school districts

31 A. On or before February 15 of each year, the joint legislative budget
32 committee shall compute and transmit the truth in taxation rates for
33 equalization assistance for school districts for the following fiscal year
34 to:

35 1. The chairmen of the house of representatives ways and means
36 committee and the senate finance committee.

37 2. The chairmen of the appropriations committees of the senate and the
38 house of representatives.

39 B. The truth in taxation rates consist of the qualifying tax rate for
40 a high school district or a common school district within a high school
41 district that does not offer instruction in high school subjects pursuant to
42 section 15-971, subsection B, paragraph 1, a qualifying tax rate for a
43 unified district, a common school district not within a high school district
44 or a common school district within a high school district that offers

1 instruction in high school subjects pursuant to section 15-971, subsection
2 B. paragraph 2 and a county equalization assistance for education tax rate
3 pursuant to section 15-994 that will offset the change in net assessed
4 valuation of property that was subject to tax in the prior year.

5 C. The joint legislative budget committee shall compute the truth in
6 taxation rates as follows:

7 1. Determine the statewide primary net assessed value for the
8 preceding tax year.

9 2. Determine the statewide primary net assessed value for the current
10 tax year, excluding the net assessed value of property that was not subject
11 to tax in the preceding year.

12 3. Divide the amount determined in paragraph 1 of this subsection by
13 the amount determined in paragraph 2 of this subsection.

14 4. Adjust the qualifying tax rates and the county equalization
15 assistance for education tax rate for the current fiscal year by the
16 percentage determined in paragraph 3 of this subsection in order to offset
17 the change in net assessed value.

18 D. Except as provided in subsections E and ~~F~~ G of this section, the
19 qualifying tax rate for a high school district or a common school district
20 within a high school district that does not offer instruction in high school
21 subjects, the qualifying tax rate for a unified school district, a common
22 school district not within a high school district or a common school district
23 within a high school district that offers instruction in high school subjects
24 and the county equalization assistance for education tax rate for the
25 following fiscal year shall be the rate determined by the joint legislative
26 budget committee pursuant to subsection C of this section. The committee
27 shall transmit the rates to the superintendent of public instruction and the
28 county boards of supervisors by March 15 each year.

29 E. If the legislature proposes either qualifying tax rates or a county
30 equalization assistance for education tax rate that exceeds the truth in
31 taxation rate:

32 1. The house of representatives ways and means committee and the
33 senate finance committee shall hold a joint hearing on or before February 28
34 and publish a notice of a truth in taxation hearing that meets the following
35 requirements:

36 (a) The notice shall be published twice in a newspaper of general
37 circulation in this state that is published at the state capital. The first
38 publication shall be at least fourteen but not more than twenty days before
39 the date of the hearing. The second publication shall be at least seven but
40 not more than ten days before the date of the hearing.

41 (b) The notice shall be published in a location other than the
42 classified or legal advertising section of the newspaper.

43 (c) The notice shall be at least one-fourth page in size and shall be
44 surrounded by a solid black border at least one-eighth inch in width.

(d) The notice shall be in the following form, with the "truth in taxation hearing - notice of tax increase" headline in at least eighteen point type:

Truth in Taxation Hearing

Notice of Tax Increase

In compliance with section 41-1276, Arizona Revised Statutes, the state legislature is notifying property taxpayers in Arizona of the legislature's intention to raise the property tax levy over last year's level.

The proposed tax increase will cause the taxes on an \$80,000 home to increase by \$_____.

All interested citizens are invited to attend a public hearing on the tax increase that is scheduled to be held _____ (date and time) at _____ (location).

(e) For purposes of computing the tax increase on an eighty thousand dollar home as required by the notice, the joint meeting of the house of representatives ways and means committee and the senate finance committee shall consider the difference between the truth in taxation rate and the proposed increased rate.

2. The joint meeting of the house of representatives ways and means committee and the senate finance committee shall consider any motion to recommend the proposed tax rates to the full legislature by roll call vote.

F. In addition to publishing the truth in taxation notice under subsection E, paragraph 1 of this section, the joint meeting of the house of representatives ways and means committee and the senate finance committee shall issue a press release containing the truth in taxation notice.

G. Notwithstanding any other law, the legislature shall not adopt a state budget that provides for either qualifying tax rates pursuant to section 15-971 or a county equalization assistance for education tax rate pursuant to section 15-994 that exceeds the truth in taxation rates computed pursuant to subsection A of this section unless the rates are adopted by a concurrent resolution approved by an affirmative roll call vote of two-thirds of the members of each house of the legislature before the legislature enacts the general appropriations bill. If the resolution is not approved by two-thirds of the members of each house of the legislature, the rates for the following fiscal year shall be the truth in taxation rates determined pursuant to subsection C of this section and shall be transmitted to the superintendent of public instruction and the county boards of supervisors.

H. NOTWITHSTANDING SUBSECTION C OF THIS SECTION AND IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION, THE LEGISLATURE SHALL NOT SET A QUALIFYING TAX RATE THAT EXCEEDS \$2.1265 FOR A COMMON OR HIGH SCHOOL DISTRICT OR \$4.253 FOR A UNIFIED SCHOOL DISTRICT. THE LEGISLATURE SHALL NOT SET A COUNTY EQUALIZATION ASSISTANCE FOR EDUCATION RATE THAT EXCEEDS \$0.5123.

1 Sec. 36. Section 41-1279.03, Arizona Revised Statutes, is amended to
2 read:

3 41-1279.03. Powers and duties

4 A. The auditor general shall:

5 1. Prepare an audit plan for approval by the committee and report to
6 the committee the results of each audit and investigation and other reviews
7 conducted by the auditor general.

8 2. Conduct or cause to be conducted at least biennial financial and
9 compliance audits of financial transactions and accounts kept by or for all
10 state agencies subject to the single audit act of 1984 (P.L. 98-502). The
11 audits shall be conducted in accordance with generally accepted governmental
12 auditing standards and accordingly shall include tests of the accounting
13 records and other auditing procedures as may be considered necessary in the
14 circumstances. The audits shall include the issuance of suitable reports as
15 required by the single audit act of 1984 (P.L. 98-502) so the legislature,
16 federal government and others will be informed as to the adequacy of
17 financial statements of the state in compliance with generally accepted
18 governmental accounting principles and to determine whether the state has
19 complied with laws and regulations that may have a material effect on the
20 financial statements and on major federal assistance programs.

21 3. Perform procedural reviews for all state agencies at times
22 determined by the auditor general. These reviews may include evaluation of
23 administrative and accounting internal controls and reports on such reviews.

24 4. Perform special audits and related assignments as designated by the
25 committee and conduct performance audits, special audits and investigations
26 of any state agency, whether created by the constitution or otherwise, as may
27 be requested by the committee.

28 5. Annually on or before the fourth Monday of December prepare a
29 written report to the governor and to the committee which contains a summary
30 of activities for the previous fiscal year.

31 6. In the tenth year and in each third year thereafter in which a
32 transportation excise tax is in effect in a county as provided in section
33 42-6104, 42-6106 or 42-6107 conduct a performance audit that:

34 (a) Reviews past expenditures and future planned expenditures of the
35 transportation excise tax and determines the impact of the expenditures in
36 solving transportation problems within the county and, for a transportation
37 excise tax in effect in a county as provided in section 42-6107, determines
38 whether the expenditures of the transportation excise tax comply with section
39 28-6392, subsection B.

40 (b) Reviews projects completed to date and projects to be completed
41 during the remaining years in which a transportation excise tax is in effect.
42 Within six months after each review period the auditor general shall present
43 a report to the speaker of the house of representatives and the president of
44 the senate detailing findings and making recommendations. If the parameters

1 of the performance audit are set by the citizens transportation oversight
2 committee, the auditor general shall also present the report to the citizens
3 transportation oversight committee.

4 (c) Reviews, determines, reports and makes recommendations to the
5 speaker of the house of representatives and the president of the senate
6 whether the distribution of highway user revenues complies with title 28,
7 chapter 18, article 2. If the parameters of the performance audit are set
8 by the citizens transportation oversight committee, the auditor general shall
9 also present the report to the citizens transportation oversight committee.

10 7. If requested by the committee, conduct performance audits of
11 counties and incorporated cities and towns receiving highway user revenue
12 fund monies pursuant to title 28, chapter 18, article 2 to determine if the
13 monies are being spent as provided in section 28-6533, subsection B.

14 8. Perform special audits designated pursuant to law if the auditor
15 general determines that there are adequate monies appropriated for the
16 auditor general to complete the audit. If the auditor general determines the
17 appropriated monies are inadequate, the auditor general shall notify the
18 committee.

19 9. BEGINNING ON JULY 1, 2001, ESTABLISH A SCHOOL-WIDE AUDIT TEAM IN
20 THE OFFICE OF THE AUDITOR GENERAL TO CONDUCT PERFORMANCE AUDITS AND MONITOR
21 SCHOOL DISTRICTS TO DETERMINE THE PERCENTAGE OF EVERY DOLLAR SPENT IN THE
22 CLASSROOM BY A SCHOOL DISTRICT. THE SCHOOL-WIDE AUDIT TEAM SHALL RANDOMLY
23 AUDIT EACH SCHOOL DISTRICT AT LEAST ONCE EVERY FIVE YEARS.

24 B. The auditor general may:

25 1. Subject to approval by the committee, adopt rules necessary to
26 administer the duties of the office.

27 2. Hire consultants to conduct the studies required by subsection A,
28 paragraphs 6 and 7 of this section.

29 C. If approved by the committee the auditor general may charge a
30 reasonable fee for the cost of performing audits or providing accounting
31 services for auditing federal funds, special audits or special services
32 requested by political subdivisions of the state. Monies collected pursuant
33 to this subsection shall be deposited in the audit services revolving fund.

34 D. The department of transportation, the board of supervisors of a
35 county that has approved a county transportation excise tax as provided in
36 section 42-6104, 42-6106 or 42-6107 and the governing bodies of counties,
37 cities and towns receiving highway user revenue fund monies shall cooperate
38 with and provide necessary information to the auditor general or the auditor
39 general's consultant.

40 E. The department of transportation shall reimburse the auditor
41 general as follows, and the auditor general shall deposit the reimbursed
42 monies in the audit services revolving fund:

43 1. For the cost of conducting the studies or hiring a consultant to
44 conduct the studies required by subsection A, paragraph 6, subdivisions (a)

1 and (b) of this section, from monies collected pursuant to a county
2 transportation excise tax levied pursuant to section 42-6104, 42-6106 or
3 42-6107.

4 2. For the cost of conducting the studies or hiring a consultant
5 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
6 this section, from the Arizona highway user revenue fund.

7 Sec. 37. Section 42-5010, Arizona Revised Statutes, is amended to
8 read:

9 42-5010. Rates; distribution base

10 A. The tax imposed by this article is levied and shall be collected
11 at the rate of FOLLOWING RATES:

12 1. Five per cent of the tax base as computed for the business of every
13 person engaging or continuing in this state in the following business
14 classifications described in article 2 of this chapter:

- 15 (a) Transporting classification.
- 16 (b) Utility classification.
- 17 (c) Telecommunications classification.
- 18 (d) Pipeline classification.
- 19 (e) Private car line classification.
- 20 (f) Publication classification.
- 21 (g) Job printing classification.
- 22 (h) Prime contracting classification.
- 23 (i) Owner builder sales classification.
- 24 (j) Amusement classification.
- 25 (k) Restaurant classification.
- 26 (l) Personal property rental classification.
- 27 (m) Retail classification.
- 28 (n) Membership camping classification.

29 2. Five and one-half per cent of the tax base as computed for the
30 business of every person engaging or continuing in this state in the
31 transient lodging classification described in section 42-5070.

32 3. Three and one-eighth per cent of the tax base as computed for the
33 business of every person engaging or continuing in this state in the mining
34 classification described in section 42-5072.

35 4. Zero per cent of the tax base as computed for the business of every
36 person engaging or continuing in this state in the commercial lease
37 classification described in section 42-5069.

38 B. Twenty per cent of the tax revenues collected AT THE RATE
39 PRESCRIBED BY SUBSECTION A, PARAGRAPH 1 OF THIS SECTION from persons on
40 account of engaging in business under the business classifications listed in
41 subsection A, paragraph 1, subdivisions (a) through (i) of this section is
42 designated as distribution base for purposes of section 42-5029.

43 C. Forty per cent of the tax revenues collected AT THE RATE PRESCRIBED
44 BY SUBSECTION A, PARAGRAPH 1 OF THIS SECTION from persons on account of

1 engaging in business under the business classifications listed in subsection
2 A, paragraph 1, subdivisions (j) through (n) of this section is designated
3 as distribution base for purposes of section 42-5029.

4 D. Thirty-two per cent of the tax revenues collected from persons on
5 account of engaging in business under the business classification listed in
6 subsection A, paragraph 3 of this section is designated as distribution base
7 for purposes of section 42-5029.

8 E. Fifty-three and one-third per cent of the tax revenues collected
9 from persons on account of engaging in business under the business
10 classifications listed in subsection A, paragraph 4 of this section is
11 designated as distribution base for purposes of section 42-5029.

12 F. Fifty per cent of the tax revenues collected from persons on
13 account of engaging in business under the business classification listed in
14 subsection A, paragraph 2 of this section is designated as distribution base
15 for purposes of section 42-5029.

16 G. IN ADDITION TO THE RATES PRESCRIBED BY SUBSECTION A OF THIS
17 SECTION, IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL
18 ELECTION, AN ADDITIONAL RATE INCREMENT IS IMPOSED AND SHALL BE COLLECTED
19 THROUGH JUNE 30, 2021. THE TAXPAYER SHALL PAY TAXES PURSUANT TO THIS
20 SUBSECTION AT THE SAME TIME AND IN THE SAME MANNER AS UNDER SUBSECTION A OF
21 THIS SECTION. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR THE REVENUES
22 COLLECTED WITH RESPECT TO THE RATES IMPOSED PURSUANT TO THIS SUBSECTION AND
23 THE STATE TREASURER SHALL DISTRIBUTE ALL OF THOSE REVENUES IN THE MANNER
24 PRESCRIBED BY SECTION 42-5029, SUBSECTION E. THE RATES IMPOSED PURSUANT TO
25 THIS SUBSECTION SHALL NOT BE CONSIDERED LOCAL REVENUES FOR PURPOSES OF
26 ARTICLE IX, SECTION 21, CONSTITUTION OF ARIZONA. THE ADDITIONAL TAX RATE
27 INCREMENT IS LEVIED AT THE RATE OF SIX-TENTHS OF ONE PER CENT OF THE TAX BASE
28 OF EVERY PERSON ENGAGING OR CONTINUING IN THIS STATE IN A BUSINESS
29 CLASSIFICATION LISTED IN SUBSECTION A, PARAGRAPH 1 OF THIS SECTION.

30 Sec. 38. Section 42-5029, Arizona Revised Statutes, as amended by Laws
31 2000, chapter 167, section 2, is amended to read:

32 42-5029. Remission and distribution of monies

33 A. The department shall transmit all revenues collected under this
34 article and articles 4, 5, 8 and 9 of this chapter to the state treasurer
35 pursuant to section 42-1116, separately accounting for:

36 1. Payments of estimated tax under section 42-5014, subsection D.

37 2. Revenues collected pursuant to section 42-5070.

38 3. Revenues collected under this article and article 5 of this chapter
39 from and after June 30, 2000 from sources located on Indian reservations in
40 this state.

41 4. REVENUES COLLECTED PURSUANT TO SECTION 42-5010, SUBSECTION G AND
42 SECTION 42-5155, SUBSECTION D.

43 B. The state treasurer shall credit payments of estimated tax to an
44 estimated tax clearing account and each month shall transfer all monies in

1 the estimated tax clearing account to a fund designated as the transaction
2 privilege and severance tax clearing account on notification by the
3 department of the allocation of monies. The state treasurer shall credit all
4 other payments to the transaction privilege and severance tax clearing
5 account, separately accounting for the monies designated as distribution base
6 under sections 42-5010, 42-5164, 42-5205, 42-5353 and 42-5409. Each month
7 the department shall report to the state treasurer the amount of monies
8 collected pursuant to this article and articles 4, 5, 8 and 9 of this
9 chapter.

10 C. Each month the state treasurer shall distribute the monies
11 deposited in the transaction privilege and severance tax clearing account in
12 the manner prescribed by this section and by sections 42-5164, 42-5205,
13 42-5353 and 42-5409, after deducting warrants drawn against the account
14 pursuant to sections 42-1118 and 42-1254.

15 D. Of the monies designated as distribution base the state treasurer
16 shall:

17 1. Pay twenty-five per cent to the various incorporated municipalities
18 in this state in proportion to their population as shown by the last United
19 States decennial or special census, or revisions to the decennial or special
20 census certified by the United States bureau of the census, to be used by the
21 municipalities for any municipal purpose.

22 2. Pay 38.08 per cent to the counties in this state by averaging the
23 following proportions:

24 (a) The proportion that the population of each county bears to the
25 total state population, as shown by the most recent United States decennial
26 or special census, or revisions to the decennial or special census certified
27 by the United States bureau of the census.

28 (b) The proportion that the distribution base monies collected during
29 the calendar month in each county under this article, section 42-5164,
30 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
31 bear to the total distribution base monies collected under this article,
32 section 42-5164, subsection B, section 42-5205, subsection B and sections
33 42-5353 and 42-5409 throughout the state for the calendar month.

34 3. Pay an additional 2.43 per cent to the counties in this state as
35 follows:

36 (a) Average the following proportions:

37 (i) The proportion that the assessed valuation used to determine
38 secondary property taxes of each county, after deducting that part of the
39 assessed valuation that is exempt from taxation at the beginning of the month
40 for which the amount is to be paid, bears to the total assessed valuations
41 used to determine secondary property taxes of all the counties after
42 deducting that portion of the assessed valuations that is exempt from
43 taxation at the beginning of the month for which the amount is to be paid.
44 Property of a city or town that is not within or contiguous to the municipal

1 corporate boundaries and from which water is or may be withdrawn or diverted
2 and transported for use on other property is considered to be taxable
3 property in the county for purposes of determining assessed valuation in the
4 county under this item.

5 (ii) The proportion that the distribution base monies collected during
6 the calendar month in each county under this article, section 42-5164,
7 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
8 bear to the total distribution base monies collected under this article,
9 section 42-5164, subsection B, section 42-5205, subsection B and sections
10 42-5353 and 42-5409 throughout the state for the calendar month.

11 (b) If the proportion computed under subdivision (a) of this paragraph
12 for any county is greater than the proportion computed under paragraph 2 of
13 this subsection, the state treasurer shall compute the difference between the
14 amount distributed to that county under paragraph 2 of this subsection and
15 the amount that would have been distributed under paragraph 2 of this
16 subsection using the proportion computed under subdivision (a) of this
17 paragraph and shall pay that difference to the county from the amount
18 available for distribution under this paragraph. Any monies remaining after
19 all payments under this subdivision shall be distributed among the counties
20 according to the proportions computed under paragraph 2 of this subsection.

21 4. After any distributions required by sections 42-5030, 42-5030.01,
22 42-5031 and 42-5032, and after making any transfer to the water quality
23 assurance revolving fund as required by section 49-282, subsection B, credit
24 the remainder of the monies designated as distribution base to the state
25 general fund. From this amount the legislature shall annually appropriate
26 to:

27 (a) The department of revenue sufficient monies to administer and
28 enforce this article and articles 5, 8 and 9 of this chapter.

29 (b) The department of economic security monies to be used for the
30 purposes stated in title 46, chapter 1.

31 (c) The tourism fund an amount equal to the sum of the following:

32 (i) Two million dollars.

33 (ii) Seventy-five per cent of the amount by which revenues derived
34 from a one-half percentage rate portion of the total tax rate imposed on the
35 transient lodging classification for the current fiscal year exceed the
36 revenues derived from a one-half percentage rate portion of that tax in the
37 previous fiscal year.

38 (d) The Arizona arts endowment fund established by section 41-986, the
39 full amount by which revenues derived from the amusement classification
40 pursuant to section 42-5073 for the current fiscal year exceed the revenues
41 that were derived from that classification in fiscal year 1993-1994, except
42 that this amount shall not exceed two million dollars in any fiscal year.
43 This subdivision applies for fiscal years through June 30, 2007.

1 (e) The firearms safety and ranges fund established by section 17-273,
2 fifty thousand dollars derived from the taxes collected from the retail
3 classification pursuant to section 42-5061 for the current fiscal year.

4 E. IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL
5 ELECTION, ALL MONIES COLLECTED PURSUANT TO SECTION 42-5010, SUBSECTION G AND
6 SECTION 42-5155, SUBSECTION D SHALL BE DISTRIBUTED EACH FISCAL YEAR PURSUANT
7 TO THIS SUBSECTION. THE MONIES DISTRIBUTED PURSUANT TO THIS SUBSECTION ARE
8 IN ADDITION TO ANY OTHER APPROPRIATION, TRANSFER OR OTHER ALLOCATION OF
9 PUBLIC OR PRIVATE MONIES FROM ANY OTHER SOURCE AND SHALL NOT SUPPLANT,
10 REPLACE OR CAUSE A REDUCTION IN OTHER SCHOOL DISTRICT, CHARTER SCHOOL,
11 UNIVERSITY OR COMMUNITY COLLEGE FUNDING SOURCES. THE MONIES SHALL BE
12 DISTRIBUTED AS FOLLOWS:

13 1. IF THERE ARE OUTSTANDING STATE SCHOOL FACILITIES REVENUE BONDS
14 PURSUANT TO TITLE 15, CHAPTER 16, ARTICLE 7, EACH MONTH ONE-TWELFTH OF THE
15 AMOUNT THAT IS NECESSARY TO PAY THE FISCAL YEAR'S DEBT SERVICE ON OUTSTANDING
16 STATE SCHOOL IMPROVEMENT REVENUE BONDS FOR THE CURRENT FISCAL YEAR SHALL BE
17 TRANSFERRED EACH MONTH TO THE SCHOOL IMPROVEMENT REVENUE BOND DEBT SERVICE
18 FUND ESTABLISHED BY SECTION 15-2084. THE TOTAL AMOUNT OF BONDS FOR WHICH
19 THESE MONIES MAY BE ALLOCATED FOR THE PAYMENT OF DEBT SERVICE SHALL NOT
20 EXCEED A PRINCIPAL AMOUNT OF EIGHT HUNDRED MILLION DOLLARS EXCLUSIVE OF
21 REFUNDING BONDS AND OTHER REFINANCING OBLIGATIONS.

22 2. AFTER ANY TRANSFER OF MONIES PURSUANT TO PARAGRAPH 1 OF THIS
23 SUBSECTION, TWELVE PER CENT OF THE REMAINING MONIES COLLECTED DURING THE
24 PRECEDING MONTH SHALL BE TRANSFERRED TO THE TECHNOLOGY AND RESEARCH
25 INITIATIVE FUND ESTABLISHED BY SECTION 15-1648 TO BE DISTRIBUTED AMONG THE
26 UNIVERSITIES FOR THE PURPOSE OF INVESTMENT IN TECHNOLOGY AND RESEARCH-BASED
27 INITIATIVES.

28 3. AFTER THE TRANSFER OF MONIES PURSUANT TO PARAGRAPH 1 OF THIS
29 SUBSECTION, THREE PER CENT OF THE REMAINING MONIES COLLECTED DURING THE
30 PRECEDING MONTH SHALL BE TRANSFERRED TO THE WORKFORCE DEVELOPMENT ACCOUNT
31 ESTABLISHED IN EACH COMMUNITY COLLEGE DISTRICT PURSUANT TO SECTION 15-1472
32 FOR THE PURPOSE OF INVESTMENT IN WORKFORCE DEVELOPMENT PROGRAMS.

33 4. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS
34 SUBSECTION, ONE-TWELFTH OF THE AMOUNT A COMMUNITY COLLEGE THAT IS OWNED,
35 OPERATED OR CHARTERED BY A QUALIFYING INDIAN TRIBE ON ITS OWN INDIAN
36 RESERVATION WOULD RECEIVE PURSUANT TO SECTION 15-1472, SUBSECTION D,
37 PARAGRAPH 2 IF IT WERE A COMMUNITY COLLEGE DISTRICT UNDER THE JURISDICTION
38 OF THE STATE BOARD OF DIRECTORS FOR COMMUNITY COLLEGES SHALL BE DISTRIBUTED
39 EACH MONTH TO THE TREASURER OR OTHER DESIGNATED DEPOSITORY OF A QUALIFYING
40 INDIAN TRIBE. MONIES DISTRIBUTED PURSUANT TO THIS PARAGRAPH ARE FOR THE
41 EXCLUSIVE PURPOSE OF PROVIDING SUPPORT TO ONE OR MORE COMMUNITY COLLEGES
42 OWNED, OPERATED OR CHARTERED BY A QUALIFYING INDIAN TRIBE AND SHALL BE USED
43 IN A MANNER CONSISTENT WITH SECTION 15-1472, SUBSECTION B. FOR PURPOSES OF

1 THIS PARAGRAPH, "QUALIFYING INDIAN TRIBE" HAS THE SAME MEANING AS DEFINED IN
2 SECTION 42-5031.01, SUBSECTION D.

3 5. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS
4 SUBSECTION, ONE-TWELFTH OF THE FOLLOWING AMOUNTS SHALL BE TRANSFERRED EACH
5 MONTH TO THE DEPARTMENT OF EDUCATION FOR THE INCREASED COST OF BASIC STATE
6 AID UNDER SECTION 15-971 DUE TO ADDED SCHOOL DAYS AND ASSOCIATED TEACHER
7 SALARY INCREASES ENACTED IN 2000:

8 (a) IN FISCAL YEAR 2001-2002, \$15,305,900.

9 (b) IN FISCAL YEAR 2002-2003, \$31,530,100.

10 (c) IN FISCAL YEAR 2003-2004, \$48,727,700.

11 (d) IN FISCAL YEAR 2004-2005, \$66,957,200.

12 (e) IN FISCAL YEAR 2005-2006 AND EACH FISCAL YEAR THEREAFTER,
13 \$86,280,500.

14 6. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS
15 SUBSECTION, SEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS IS APPROPRIATED EACH
16 FISCAL YEAR, TO BE PAID IN MONTHLY INSTALLMENTS, TO THE DEPARTMENT OF
17 EDUCATION TO BE USED FOR SCHOOL SAFETY AS PROVIDED IN SECTION 15-154 AND TWO
18 HUNDRED THOUSAND DOLLARS IS APPROPRIATED EACH FISCAL YEAR, TO BE PAID IN
19 MONTHLY INSTALLMENTS TO THE DEPARTMENT OF EDUCATION TO BE USED FOR THE
20 CHARACTER EDUCATION MATCHING GRANT PROGRAM AS PROVIDED IN SECTION 15-154.01.

21 7. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS
22 SUBSECTION, NO MORE THAN SEVEN MILLION DOLLARS MAY BE APPROPRIATED BY THE
23 LEGISLATURE EACH FISCAL YEAR TO THE DEPARTMENT OF EDUCATION TO BE USED FOR
24 ACCOUNTABILITY PURPOSES AS DESCRIBED IN SECTION 15-241 AND TITLE 15, CHAPTER
25 9, ARTICLE 8.

26 8. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS
27 SUBSECTION, ONE MILLION FIVE HUNDRED THOUSAND DOLLARS IS APPROPRIATED EACH
28 FISCAL YEAR, TO BE PAID IN MONTHLY INSTALLMENTS, TO THE FAILING SCHOOLS
29 TUTORING FUND ESTABLISHED BY SECTION 15-241.

30 9. AFTER TRANSFERRING MONIES PURSUANT TO PARAGRAPHS 1, 2 AND 3 OF THIS
31 SUBSECTION, TWENTY-FIVE MILLION DOLLARS SHALL BE TRANSFERRED EACH FISCAL YEAR
32 TO THE STATE GENERAL FUND TO REIMBURSE THE GENERAL FUND FOR THE COST OF THE
33 INCOME TAX CREDIT ALLOWED BY SECTION 43-1072.01.

34 10. AFTER THE PAYMENT OF MONIES PURSUANT TO PARAGRAPHS 1 THROUGH 9 OF
35 THIS SUBSECTION, THE REMAINING MONIES COLLECTED DURING THE PRECEDING MONTH
36 SHALL BE TRANSFERRED TO THE CLASSROOM SITE FUND ESTABLISHED BY SECTION
37 15-977. THE MONIES SHALL BE ALLOCATED AS FOLLOWS IN THE MANNER PRESCRIBED BY
38 SECTION 15-977:

39 (a) FORTY PER CENT SHALL BE ALLOCATED FOR TEACHER COMPENSATION BASED
40 ON PERFORMANCE.

41 (b) TWENTY PER CENT SHALL BE ALLOCATED FOR INCREASES IN TEACHER BASE
42 COMPENSATION AND EMPLOYEE RELATED EXPENSES.

43 (c) FORTY PER CENT SHALL BE ALLOCATED FOR MAINTENANCE AND OPERATION
44 PURPOSES.

1 E. F. The state treasurer shall credit the remainder of the monies
2 in the transaction privilege and severance tax clearing account to the state
3 general fund, subject to any distribution required by section 42-5030.01.

4 F. G. Notwithstanding subsection D of this section, if a court of
5 competent jurisdiction finally determines that tax monies distributed under
6 this section were illegally collected under this article or articles 5, 8 and
7 9 of this chapter and orders the monies to be refunded to the taxpayer, the
8 department shall compute the amount of such monies that was distributed to
9 each city, town and county under this section. The department shall notify
10 the state treasurer of that amount plus the proportionate share of additional
11 allocated costs required to be paid to the taxpayer. Each city's, town's and
12 county's proportionate share of the costs shall be based on the amount of the
13 original tax payment each municipality and county received. Each month the
14 state treasurer shall reduce the amount otherwise distributable to the city,
15 town and county under this section by one thirty-sixth of the total amount
16 to be recovered from the city, town or county until the total amount has been
17 recovered, but the monthly reduction for any city, town or county shall not
18 exceed ten per cent of the full monthly distribution to that entity. The
19 reduction shall begin for the first calendar month after the final
20 disposition of the case and shall continue until the total amount, including
21 interest and costs, has been recovered.

22 G. H. On receiving a certificate of default from the greater Arizona
23 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
24 extent not otherwise expressly prohibited by law, the state treasurer shall
25 withhold from the next succeeding distribution of monies pursuant to this
26 section due to the defaulting political subdivision the amount specified in
27 the certificate of default and immediately deposit the amount withheld in the
28 greater Arizona development authority revolving fund. The state treasurer
29 shall continue to withhold and deposit the monies until the greater Arizona
30 development authority certifies to the state treasurer that the default has
31 been cured. In no event may the state treasurer withhold any amount that the
32 defaulting political subdivision certifies to the state treasurer and the
33 authority as being necessary to make any required deposits then due for the
34 payment of principal and interest on bonds of the political subdivision that
35 were issued before the date of the loan repayment agreement or bonds and that
36 have been secured by a pledge of distributions made pursuant to this section.

37 Sec. 39. Section 42-5030.01, Arizona Revised Statutes, is amended to
38 read:

39 42-5030.01. Distribution of revenues for school facilities

40 A. From and after June 30, 1999, if there are outstanding state school
41 facilities revenue bonds pursuant to title 15, chapter 16, article 6, and if
42 the amount of monies available under section 37-521, subsection B, paragraph
43 1 are IS insufficient to pay the amount that is necessary to service the
44 obligation of issued and DEBT SERVICE DUE ON THE outstanding bonds IN THAT

1 FISCAL YEAR, the state treasurer shall ~~credit~~ TRANSFER to the state school
2 facilities revenue bond debt service fund established in section 15-2054 the
3 amount that is necessary to ~~service the remaining obligation of the issued~~
4 ~~and~~ PAY THE DEBT SERVICE DUE IN THAT FISCAL YEAR ON THE outstanding bonds
5 from state general fund revenues that were collected pursuant to this
6 chapter.

7 B. From and after June 30, 1999, each fiscal year after any payments
8 under subsection A of this section the state treasurer shall ~~credit~~ TRANSFER:

9 1. To the deficiencies correction fund state general fund revenues
10 collected pursuant to this chapter in the amount that the school facilities
11 board instructs the state treasurer pursuant to section 15-2002, subsection
12 A, paragraph ~~ff~~ 10.

13 2. To the building renewal fund state general fund revenues collected
14 pursuant to this chapter in the amount that the school facilities board
15 instructs the state treasurer pursuant to section 15-2002, subsection A,
16 paragraph ~~ff~~ 10.

17 3. To the new school facilities fund state general fund revenues
18 collected pursuant to this chapter in the amount that the school facilities
19 board instructs the state treasurer pursuant to section 15-2002, subsection
20 A, paragraph ~~ff~~ 10.

21 Sec. 40. Section 42-5155, Arizona Revised Statutes, is amended to
22 read:

23 42-5155. Levy of tax; tax rate; purchaser's liability

24 A. There is levied and imposed an excise tax on the storage, use or
25 consumption in this state of tangible personal property purchased from a
26 retailer or utility business, as a percentage of the sales price.

27 B. The tax imposed by this section applies to any purchaser which
28 purchased tangible personal property for resale but subsequently uses or
29 consumes the property.

30 C. The tax rate shall equal the rate of tax PRESCRIBED BY SECTION
31 42-5010, SUBSECTION A AS applied to retailers and utility businesses
32 according to the respective classification under articles 1 and 2 of this
33 chapter for the same type of transaction or business activity.

34 D. IN ADDITION TO THE RATE PRESCRIBED BY SUBSECTION C OF THIS SECTION,
35 IF APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION,
36 AN ADDITIONAL RATE INCREMENT OF SIX-TENTHS OF ONE PER CENT IS IMPOSED AND
37 SHALL BE COLLECTED THROUGH JUNE 30, 2021. THE TAXPAYER SHALL PAY TAXES
38 PURSUANT TO THIS SUBSECTION AT THE SAME TIME AND IN THE SAME MANNER AS UNDER
39 SUBSECTION C OF THIS SECTION. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR THE
40 REVENUES COLLECTED WITH RESPECT TO THE RATE IMPOSED PURSUANT TO THIS
41 SUBSECTION, AND THE STATE TREASURER SHALL PAY ALL OF THOSE REVENUES IN THE
42 MANNER PRESCRIBED BY SECTION 42-5029, SUBSECTION E.

43 ~~D-~~ E. Every person storing, using or consuming in this state tangible
44 personal property purchased from a retailer or utility business is liable for

1 the tax. The person's liability is not extinguished until the tax has been
2 paid to this state.

3 ~~E.~~ F. A receipt from a retailer or utility business that maintains
4 a place of business in this state or from a retailer or utility business that
5 is authorized by the department to collect the tax, under such rules as it
6 may prescribe, and that is for the purposes of this article regarded as a
7 retailer or utility business maintaining a place of business in this state,
8 given to the purchaser as provided in section 42-5161 is sufficient to
9 relieve the purchaser from further liability for the tax to which the receipt
10 refers.

11 Sec. 41. Section 42-6103, Arizona Revised Statutes, is amended to
12 read:

13 42-6103. County general excise tax; authority to levy; rate;
14 distribution; use of proceeds

15 A. A county having a population of less than one million five hundred
16 thousand persons, according to the most recent United States decennial
17 census, on a unanimous vote of the board of supervisors, may levy and, if
18 levied, the department shall collect a county general excise tax on each
19 person engaging or continuing in the county in a business taxed under chapter
20 5, article 1 of this title and section 42-5352, subsection A.

21 B. The excise tax levied pursuant to subsection A of this section
22 shall be at a rate applied as a percentage of the rates PRESCRIBED BY SECTION
23 42-5010, SUBSECTION A on each class of business subject to the tax imposed
24 by chapter 5, article 1 of this title and section 42-5352, subsection A, not
25 to exceed ten per cent.

26 C. At the end of each month the state treasurer shall transmit the net
27 revenues collected pursuant to this section to the treasurer of the county
28 levying the tax. The county shall use these revenues to support and enhance
29 countywide services.

30 Sec. 42. Section 42-6104, Arizona Revised Statutes, as amended by Laws
31 2000, chapter 53, section 20, is amended to read:

32 42-6104. County transportation excise tax for roads; counties
33 with population of one million two hundred thousand
34 or more persons

35 A. If a majority of the qualified electors voting at a countywide
36 special election approves the transportation excise tax, a county with a
37 population of one million two hundred thousand or more persons shall levy and
38 the department shall collect a tax:

39 1. At a rate of not more than ten per cent of the transaction
40 privilege tax rate PRESCRIBED BY SECTION 42-5010, SUBSECTION A applying, as
41 of January 1, 1990:

42 (a) To each person engaging or continuing in the county in a business
43 taxed under chapter 5, article 1 of this title.

1 (b) Except that for the purposes of this paragraph with respect to the
2 prime contracting classification under section 42-5075, the gross proceeds
3 of sales or gross income that is deductible pursuant to section 42-5075,
4 subsection B, paragraph 8 or pursuant to section 42-5061, subsection A,
5 paragraph 27 for sales to a contractor who is exempt under section 42-5075,
6 subsection B, paragraph 8 shall be included in the tax base for purposes of
7 this paragraph.

8 2. In the case of persons subject to the tax imposed under section
9 42-5352, subsection A, at a rate of not more than .305 cents per gallon of
10 jet fuel sold.

11 3. On the use or consumption of electricity or natural gas by retail
12 electric or natural gas customers in the county who are subject to use tax
13 under section 42-5155, at a rate equal to the transaction privilege tax rate
14 under paragraph 1 of this subsection applying to persons engaging or
15 continuing in the county in the utilities transaction privilege tax
16 classification. If a majority of the qualified electors in the county
17 approved the transportation excise tax under this section before 1998, a tax
18 under this paragraph may be approved by resolution adopted by a majority of
19 the board of supervisors.

20 B. The net revenues collected under this section shall be deposited
21 in the regional area road fund pursuant to title 28, chapter 17, article 1.

22 C. The tax levied under this section may be in effect for a term of
23 not more than twenty years.

24 Sec. 43. Section 42-6106, Arizona Revised Statutes, as amended by Laws
25 2000, chapter 53, section 21, is amended to read:

26 42-6106. County transportation excise tax for roads; county
27 population requirements

28 A. In a county with a population exceeding four hundred thousand but
29 fewer than one million two hundred thousand persons, if a majority of the
30 qualified electors voting at a countywide special election, or a majority of
31 the qualified electors voting on the ballot proposition at a general
32 election, approves the transportation excise tax, the regional transportation
33 authority shall levy up to the rate authorized by this section only with
34 subsequent levy authority subject to prior legislative authorization, and the
35 department shall collect a tax:

36 1. At a rate of not more than ten per cent of the transaction
37 privilege tax rate PRESCRIBED BY SECTION 42-5010, SUBSECTION A in effect on
38 January 1, 1990 applying to each person engaging or continuing in the county
39 in a business taxed under chapter 5, article 1 of this title.

40 2. In the case of persons subject to the tax imposed under section
41 42-5352, subsection A, at a rate of not more than .305 cents per gallon of
42 jet fuel sold.

43 3. On the use or consumption of electricity or natural gas by retail
44 electric or natural gas customers in the county who are subject to use tax

1 under section 42-5155, at a rate equal to the transaction privilege tax rate
2 under paragraph 1 applying to persons engaging or continuing in the county
3 in the utilities transaction privilege tax classification.

4 B. Any subsequent reduction in the transaction privilege tax rate
5 shall not reduce the tax which is approved and collected as prescribed in
6 this section. The department shall collect the tax at a variable rate if the
7 variable rate is specified in the ballot proposition. The department shall
8 collect the tax at a modified rate if approved by a majority of the qualified
9 electors voting.

10 C. The net revenues collected under this section shall be deposited
11 in the regional transportation fund pursuant to section 48-5307.

12 D. The tax shall be levied under this section beginning January 1 or
13 July 1, whichever date occurs first after approval by the voters, and may be
14 in effect for a period of not more than ten years.

15 Sec. 44. Section 42-6107, Arizona Revised Statutes, as amended by Laws
16 2000, chapter 53, section 22, is amended to read:

17 42-6107. County transportation excise tax for roads; counties
18 with population of four hundred thousand or less

19 A. If a majority of the qualified electors voting at a countywide
20 special election, or a majority of the qualified electors voting on the
21 ballot proposition at a general election, approves the transportation excise
22 tax, a county with a population of four hundred thousand or fewer persons
23 shall levy and the department shall collect a tax:

24 1. At a rate of not more than ten per cent of the transaction
25 privilege tax rate AS PRESCRIBED BY SECTION 42-5010, SUBSECTION A applying,
26 as of January 1, 1990, to each person engaging or continuing in the county
27 in a business taxed under chapter 5, article 1 of this title.

28 2. In the case of persons subject to the tax imposed under section
29 42-5352, subsection A, at a rate of not more than .305 cents per gallon of
30 jet fuel sold.

31 3. On the use or consumption of electricity or natural gas by retail
32 electric or natural gas customers in the county who are subject to use tax
33 under section 42-5155, at a rate equal to the transaction privilege tax rate
34 under paragraph 1 applying to persons engaging or continuing in the county
35 in the utilities transaction privilege tax classification. If a majority of
36 the qualified electors in the county approved the transportation excise tax
37 under this section before 1998, a tax under this paragraph may be approved
38 by resolution adopted by a majority of the board of supervisors.

39 B. The net revenues collected under this section within a county shall
40 be deposited in the county's regional area road fund pursuant to title 28,
41 chapter 17, article 3.

42 C. The tax shall be levied under this section beginning January 1 or
43 July 1, whichever date occurs first after approval by the voters, and may be
44 in effect for a period of not more than twenty years.

1 Sec. 45. Section 42-6109, Arizona Revised Statutes, as amended by Laws
2 2000, chapter 53, section 23, is amended to read:

3 42-6109. Jail facilities excise tax: maintenance of effort:
4 definition

5 A. If approved by the qualified electors voting at a countywide
6 general election, a county with a population of at least one million five
7 hundred thousand persons shall levy and the department shall collect a
8 transaction privilege tax, in addition to all other taxes, at rates of not
9 more than 4.0 per cent of the transaction privilege tax rate PRESCRIBED BY
10 SECTION 42-5010, SUBSECTION A applying to each person engaging or continuing
11 in the county in a business taxed under chapter 5, article 1 of this title.

12 B. If a tax is levied under subsection A of this section, the county
13 board of supervisors, by resolution, may levy and, if levied, the department
14 shall collect a use tax on the use or consumption of electricity or natural
15 gas by retail electric or natural gas customers in the county and subject to
16 use tax pursuant to section 42-5155. The use tax levied pursuant to this
17 subsection shall be applied as a percentage of the use tax imposed by chapter
18 5, article 4 of this title equal to the percentage determined under
19 subsection A of this section.

20 C. Taxes shall be levied under this section beginning January 1 or
21 July 1, whichever date first occurs after approval by the voters, or county
22 board of supervisors, as applicable, and may continue in effect until the
23 amount of nine hundred million dollars of revenue is collected, as determined
24 by the department of revenue, but in any event not more than nine years as
25 adopted by resolution of the county board of supervisors before the election
26 and as approved by the voters. The board of supervisors may, by resolution,
27 decrease or increase the rates of taxes during the term of the taxes, subject
28 to the maximum rates prescribed by this section.

29 D. At the end of each month the state treasurer shall transmit the net
30 revenues collected pursuant to this section to the treasurer of the county
31 levying the tax. If the county that initially imposes the tax under this
32 section is divided into two or more new counties during the term of the tax,
33 each new county shall continue to impose the tax, but the state treasurer
34 shall transmit the net revenues collected within both counties equally to
35 each of the new counties. The county treasurer shall segregate all the
36 monies received under this section for use only for the purposes authorized
37 by this section. The county treasurer may disburse monies from the fund only
38 to:

- 39 1. Finance construction of new adult and juvenile jail facilities.
- 40 2. Maintain and operate adult and juvenile jail facilities.
- 41 3. Fund the following for the purpose of reducing the expense of adult
42 and juvenile jail facilities:
 - 43 (a) Implementing an integrated criminal justice information system.
 - 44 (b) Developing regional centers for courts not of record.

1 (c). Implementing differentiated case management for criminal cases in
2 superior court.

3 (d) Consolidating criminal divisions of the superior court in the
4 county to a common location.

5 (e) Expanding pretrial release supervision.

6 (f) Implementing electronic monitoring of preadjudicated defendants.

7 (g) Enhancing substance abuse evaluation and programming.

8 (h) Increasing drug court admissions to include preadjudicated
9 defendants and expanding drug court jurisdiction.

10 (i) Using community based juvenile detention and postadjudication
11 programs.

12 E. The county shall maintain its support of adult and juvenile jail
13 facilities. The county shall determine the amount the county spent for
14 maintenance and operation of adult and juvenile jail facilities in the fiscal
15 year immediately preceding the first fiscal year in which the tax is levied
16 under this section. The auditor general shall audit this amount and the
17 audited amount is the base expenditure. Any outstanding debt due from a
18 city, this state or the United States for the county housing prisoners
19 pursuant to section 31-121 shall be excluded from the base expenditure. In
20 the first year the tax is levied under this section the county shall pay an
21 amount equal to the base expenditure adjusted by the percentage change in the
22 assessed valuation of the taxable property in the county, determined for
23 secondary property tax purposes, from the preceding year. In each year the
24 tax is imposed, the county shall pay an amount equal to the amount paid under
25 this subsection in the preceding fiscal year, adjusted by the percentage
26 change in the assessed valuation of the taxable property in the county,
27 determined for secondary property tax purposes, from the preceding year. The
28 county treasurer shall transfer that amount, without further authorization,
29 in twelve equal monthly installments from the county general fund for the
30 uses prescribed in subsection D of this section. For purposes of this
31 subsection, "maintenance and operation" includes detention personnel
32 compensation, employee related expenses, utility expenses of the facility,
33 costs of food and care of prisoners, administrative support costs and costs
34 of maintaining and repairing the facility and grounds.

35 F. For the purposes of this section, "jail facility" means a jail or
36 other place of detention of persons charged with or convicted of a crime or
37 of persons who are subject to the jurisdiction of the juvenile court.

38 Sec. 46. Section 42-6111, Arizona Revised Statutes, as amended by Laws
39 2000, chapter 53, section 24, is amended to read:

40 42-6111. County capital projects tax

41 A. The board of supervisors of a county with a population of less than
42 two million persons, on a unanimous vote, may submit a proposed county
43 capital projects tax for approval at a countywide special election or at a
44 general election. If a majority of the qualified electors voting on the

1 proposition approves the tax, the board of supervisors may levy and the
2 department shall collect a tax, in addition to all other taxes, at a rate
3 that, by itself or together with any tax imposed pursuant to section 42-6106
4 or 42-6107, does not exceed ten per cent of the transaction privilege tax
5 rate PRESCRIBED BY SECTION 42-5010, SUBSECTION A applying, as of the date of
6 its initial levy, to each person engaging or continuing in the county in a
7 business taxed under chapter 5, article 1 of this title.

8 B. If a tax is levied under subsection A of this section, a tax shall
9 also be levied on the use or consumption of electricity or natural gas by
10 retail electric or natural gas customers in the county who are subject to use
11 tax under section 42-5155 at a rate equal to the transaction privilege tax
12 rate under subsection A of this section applying to persons engaging or
13 continuing in the county in the utilities transaction privilege tax
14 classification.

15 C. The tax shall be levied under this section beginning on January 1
16 or July 1, whichever date first occurs at least forty-five days after the
17 election. The tax may be in effect for a period of not more than twenty
18 years.

19 D. The state treasurer shall deposit the net revenues collected
20 pursuant to this section in a fund designated as that county's transportation
21 and capital projects fund. The state treasurer shall hold the monies in the
22 fund as trustee for the county. The county has the beneficial interest in
23 the fund. The state treasurer shall invest the monies in the county
24 transportation and capital projects fund and shall credit to the fund all
25 interest and other income earned from investments.

26 E. Each month the state treasurer shall distribute the monies in the
27 transportation and capital projects fund to the county in a manner prescribed
28 by the board of supervisors. The county may only use the revenues for
29 capital projects and to purchase, construct and lease buildings, structures,
30 facilities, roads, highways and other real and personal property, including
31 open space and development rights, for the use or benefit of the county.

32 F. The ballot in the election described in subsection A of this
33 section shall list each project to be financed with the tax collected and the
34 estimated costs of each project. The tax terminates if and when the total
35 amount of estimated costs for all of the projects has been raised.

36 Sec. 47. Section 43-323, Arizona Revised Statutes, is amended to read:

37 43-323. Place and form of filing returns

38 A. All returns required by this title shall be in such form as the
39 department may from time to time prescribe and shall be filed with the
40 department.

41 B. The department shall prescribe a short form return for individual
42 taxpayers who:

43 1. Are eligible and elect to pay tax based on the optional tax tables
44 pursuant to section 43-1012.

- 1 2. Have dividend and interest income not in excess of four hundred
- 2 dollars from either of those sources.
- 3 3. Elect not to file for credits against income tax liability other
- 4 than those contained in sections 43-1072 and 43-1073.
- 5 4. Are not required to add any income under section 43-1021 and do not
- 6 elect any subtractions under section 43-1022, except for the exemptions
- 7 allowed under section 43-1023.
- 8 C. The department may provide a simplified return form for individual
- 9 taxpayers who:
- 10 1. Are eligible and elect to pay tax based on the optional tax tables
- 11 pursuant to section 43-1012.
- 12 2. Are residents for the full taxable year.
- 13 3. File as single individuals or married couples filing joint returns
- 14 under section 43-309.
- 15 4. Are not sixty-five years of age or older or blind on January 1 of
- 16 the taxable year.
- 17 5. Claim no dependents for the taxable year.
- 18 6. Elect to claim the optional standard deduction under section
- 19 43-1041.
- 20 7. Are not required to add any income under section 43-1021 and do not
- 21 elect to claim any subtractions under section 43-1022 or file for any credits
- 22 under chapter 10, article 5 of this title EXCEPT THE CREDITS PROVIDED BY
- 23 SECTIONS 43-1072, 43-1072.01 AND 43-1073.
- 24 8. Do not elect to contribute a portion of any tax refund as provided
- 25 by any provision of chapter 6, article 1 of this title. Notwithstanding any
- 26 provision of chapter 6, article 1 of this title, a simplified return form
- 27 under this subsection shall not include any space for the taxpayer to so
- 28 contribute a portion of a refund.
- 29 D. The department shall prepare blank forms for the returns and shall
- 30 distribute them throughout the state and furnish them upon application.
- 31 Failure to receive or secure the form does not relieve any taxpayer from
- 32 making any return required.
- 33 Sec. 48. Title 43, chapter 10, article 5, Arizona Revised Statutes,
- 34 is amended by adding section 43-1072.01, to read:
- 35 43-1072.01. Credit for increased excise taxes paid
- 36 A. SUBJECT TO THE CONDITIONS PRESCRIBED BY THIS SECTION AND IF
- 37 APPROVED BY THE QUALIFIED ELECTORS VOTING AT A STATEWIDE GENERAL ELECTION,
- 38 FOR TAX YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2000 A CREDIT IS ALLOWED
- 39 AGAINST THE TAXES IMPOSED BY THIS CHAPTER FOR A TAXABLE YEAR FOR A TAXPAYER
- 40 WHO IS NOT CLAIMED AS A DEPENDENT BY ANY OTHER TAXPAYER AND WHOSE FEDERAL
- 41 ADJUSTED GROSS INCOME IS:
- 42 1. TWENTY-FIVE THOUSAND DOLLARS OR LESS FOR A MARRIED COUPLE OR A
- 43 SINGLE PERSON WHO IS A HEAD OF A HOUSEHOLD.

2. TWELVE THOUSAND FIVE HUNDRED DOLLARS OR LESS FOR A SINGLE PERSON OR A MARRIED PERSON FILING SEPARATELY.

B. THE CREDIT IS CONSIDERED TO BE IN MITIGATION OF INCREASED TAX RATES PURSUANT TO SECTION 42-5010, SUBSECTION G AND SECTION 42-5155, SUBSECTION D.

C. THE AMOUNT OF THE CREDIT SHALL NOT EXCEED TWENTY-FIVE DOLLARS FOR EACH PERSON WHO IS A RESIDENT OF THIS STATE AND FOR WHOM A PERSONAL OR DEPENDENT EXEMPTION IS ALLOWED WITH RESPECT TO THE TAXPAYER PURSUANT TO SECTION 43-1023, SUBSECTION B, PARAGRAPH 1 AND SECTION 43-1043, BUT NOT MORE THAN ONE HUNDRED DOLLARS FOR ALL PERSONS IN THE TAXPAYER'S HOUSEHOLD, AS DEFINED IN SECTION 43-1072.

D. IF THE ALLOWABLE AMOUNT OF THE CREDIT EXCEEDS THE INCOME TAXES OTHERWISE DUE ON THE CLAIMANT'S INCOME, THE AMOUNT OF THE CLAIM NOT USED AS AN OFFSET AGAINST INCOME TAXES SHALL BE PAID IN THE SAME MANNER AS A REFUND GRANTED UNDER SECTION 42-1118. REFUNDS MADE PURSUANT TO THIS SUBSECTION ARE SUBJECT TO SETOFF UNDER SECTION 42-1122.

E. THE DEPARTMENT SHALL MAKE AVAILABLE SUITABLE FORMS WITH INSTRUCTIONS FOR CLAIMANTS. CLAIMANTS WHO CERTIFY ON THE PRESCRIBED FORM THAT THEY HAVE NO INCOME TAX LIABILITY FOR THE TAXABLE YEAR AND WHO DO NOT MEET THE FILING REQUIREMENTS OF SECTION 43-301 ARE NOT REQUIRED TO FILE AN INDIVIDUAL INCOME TAX RETURN. THE CLAIM SHALL BE IN A FORM PRESCRIBED BY THE DEPARTMENT.

Sec. 49. Section 43-1089, Arizona Revised Statutes, is amended to read:

43-1089. Credit for contributions to school tuition
organization; definitions

A. ~~For taxable years beginning from and after December 31, 1997,~~ A credit is allowed against the taxes imposed by this title for the amount of voluntary cash contributions made by the taxpayer during the taxable year to a school tuition organization, but not exceeding:

1. Five hundred dollars in any taxable year FOR A SINGLE INDIVIDUAL OR A HEAD OF HOUSEHOLD.

2. SIX HUNDRED TWENTY-FIVE DOLLARS IN ANY TAXABLE YEAR FOR A MARRIED COUPLE FILING A JOINT RETURN. ~~The five hundred dollar limitation also applies to taxpayers who elect to file a joint return for the taxable year. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax credit that would have been allowed for a joint return.~~

B. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

1 C. The credit allowed by this section is in lieu of any deduction
2 pursuant to section 170 of the internal revenue code and taken for state tax
3 purposes.

4 D. The tax credit is not allowed if the taxpayer designates the
5 taxpayer's donation to the school tuition organization for the direct benefit
6 of any dependent of the taxpayer.

7 E. For purposes of this section:

8 1. "Qualified school" means a nongovernmental primary or secondary
9 school in this state that does not discriminate on the basis of race, color,
10 handicap, familial status or national origin and that satisfies the
11 requirements prescribed by law for private schools in this state on January
12 1, 1997.

13 2. "School tuition organization" means a charitable organization in
14 this state that is exempt from federal taxation under section 501(c)(3) of
15 the internal revenue code and that allocates at least ninety per cent of its
16 annual revenue for educational scholarships or tuition grants to children to
17 allow them to attend any qualified school of their parents' choice. In
18 addition, to qualify as a school tuition organization the charitable
19 organization shall provide educational scholarships or tuition grants to
20 students without limiting availability to only students of one school.

21 Sec. 50. Section 43-1089.01, Arizona Revised Statutes, is amended to
22 read:

23 43-1089.01. Tax credit; public school fees; definition

24 A. ~~For taxable years beginning from and after December 31, 1997, A~~
25 credit is allowed against the taxes imposed by this title for the amount of
26 any fees paid by a taxpayer during the taxable year to a public school
27 located in this state for the support of extracurricular activities of the
28 public school, but not exceeding:

29 1. Two hundred dollars FOR A SINGLE INDIVIDUAL OR A HEAD OF HOUSEHOLD.

30 2. TWO HUNDRED FIFTY DOLLARS FOR A MARRIED COUPLE FILING A JOINT
31 RETURN. A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN
32 WHICH THEY COULD HAVE FILED A JOINT RETURN MAY EACH CLAIM ONLY ONE-HALF OF
33 THE TAX CREDIT THAT WOULD HAVE BEEN ALLOWED FOR A JOINT RETURN.

34 ~~B. The two hundred dollar limitation also applies to taxpayers who~~
35 ~~elect to file a joint return for the taxable year. A husband and wife who~~
36 ~~file separate returns for a taxable year in which they could have filed a~~
37 ~~joint return may each claim only one-half of the tax credit that would have~~
38 ~~been allowed for a joint return.~~

39 ~~C.~~ B. The credit allowed by this section is in lieu of any deduction
40 pursuant to section 170 of the internal revenue code and taken for state tax
41 purposes.

42 ~~D.~~ C. If the allowable tax credit exceeds the taxes otherwise due
43 under this title on the claimant's income, or if there are no taxes due under
44 this title, the taxpayer may carry the amount of the claim not used to offset

1 the taxes under this title forward for not more than five consecutive taxable
2 years' income tax liability.

3 E. D. For purposes of this section, "extracurricular activities"
4 means school sponsored activities that require enrolled students to pay a fee
5 in order to participate including fees for:

- 6 1. Band uniforms.
- 7 2. Equipment or uniforms for varsity athletic activities.
- 8 3. Scientific laboratory materials.

9 Sec. 51. Section 48-4022, Arizona Revised Statutes, as amended by Laws
10 2000, chapter 53, section 26, is amended to read:

11 48-4022. Excise tax

12 A. The board of directors of a district in a county having a
13 population of less than one million five hundred thousand persons according
14 to the most recent United States decennial or special census may by
15 resolution order the approval of a district excise tax to be placed on the
16 ballot of an election pursuant to section 48-4021. If a majority of the
17 qualified electors voting at the election approves the county jail district
18 excise tax, the board of directors may by resolution levy, and if levied, the
19 department of revenue shall collect, a tax beginning January 1 or July 1,
20 whichever date first occurs at least three months after the district
21 resolution approving the tax levy. The tax rate shall be a percentage of the
22 excise tax rate PRESCRIBED BY SECTION 42-5010, SUBSECTION A applying to each
23 person engaging or continuing in the district in a business taxed under title
24 42, chapter 5, article 1 and section 42-5352, subsection A, not to exceed:

25 1. Ten per cent of each rate imposed under title 42, chapter 5,
26 ~~article 1~~ PRESCRIBED BY SECTION 42-5010, SUBSECTION A and section 42-5352,
27 subsection A, in counties having a population of five hundred thousand
28 persons or less.

29 2. Five per cent of each rate imposed under title 42, chapter 5,
30 ~~article 1~~ PRESCRIBED BY SECTION 42-5010, SUBSECTION A and section 42-5352,
31 subsection A, in counties having a population of more than five hundred
32 thousand persons but less than one million five hundred thousand persons.

33 B. If a district levies an excise tax under subsection A of this
34 section, the board of directors, by resolution, may also levy, and if levied,
35 the department of revenue shall collect, a use tax on each retail electric
36 or natural gas customer using or consuming electricity or natural gas in the
37 district and subject to use tax pursuant to section 42-5155. The use tax
38 levied pursuant to this subsection shall be applied as a percentage of the
39 use tax rate imposed by title 42, chapter 5, article 4 equal to the
40 percentage determined under subsection A, paragraph 1 or 2 of this section,
41 as applicable.

42 C. The tax applies in both incorporated and unincorporated areas of
43 the county.

1 D. At the end of each month the state treasurer shall transmit the net
2 revenues collected pursuant to this section to the district treasurer who
3 shall deposit the revenues in the county jail district general fund.

4 E. Unless the context otherwise requires:

5 1. Section 42-6102 governs the administration of the tax imposed
6 pursuant to subsection A of this section.

7 2. Title 42, chapter 5, article 4 governs the administration of the
8 use tax imposed pursuant to subsection B of this section.

9 Sec. 52. Section 48-4236, Arizona Revised Statutes, is amended to
10 read:

11 48-4236. Transaction privilege tax; spring training; rate;
12 administration

13 A. If the board of directors in a county with a population of less
14 than one million five hundred thousand persons, according to the most recent
15 United States decennial census, determines that it is necessary in order to
16 retain, attract or relocate a major league baseball spring training
17 operation, the board may by resolution order that a question seeking
18 authority for the district to levy a transaction privilege tax be placed on
19 the ballot of an election pursuant to this section, in addition to or in lieu
20 of other revenues collected pursuant to this article to be used and expended
21 for the purposes set forth in section 48-4204, subsection A. If a majority
22 of the qualified electors voting at the election approves the county stadium
23 district transaction privilege tax, the board may by resolution levy and, if
24 levied, the department of revenue shall collect a transaction privilege tax
25 pursuant to this section to be used and expended for the purposes set forth
26 in section 48-4204, subsection A. The board of directors may pledge all or
27 part of the tax levied under this section to secure the district's bonds or
28 other financial obligations issued or incurred under this chapter.

29 B. If approved at an election pursuant to this section, the district
30 board of directors may levy a transaction privilege tax, for up to five
31 years, at a rate of not more than two per cent of the tax rate PRESCRIBED BY
32 SECTION 42-5010, SUBSECTION A applying on January 1, 1990 to each person
33 engaging or continuing in the district in a business taxed under title 42,
34 chapter 5, article 1 or in the case of persons subject to the tax imposed
35 under section 42-5352, subsection A, at a rate of not more than .061 cents
36 per gallon of jet fuel sold. The tax is effective and shall be collected
37 beginning January 1 or July 1, whichever date first occurs at least three
38 months after the board levies the tax.

39 C. Unless the context otherwise requires, section 42-6102 governs the
40 administration of a tax imposed under this section.

41 D. Each month the state treasurer shall remit to the district
42 treasurer the net revenues collected under this section during the preceding
43 month. The district treasurer shall deposit the monies in the county stadium
44 district fund.

1 E. If the board of directors proposes such a tax levy, the board, by
2 resolution, shall either order and call a district-wide special election or
3 place the issue on the ballot of a regular general election held in the
4 district. The board shall specify on the ballot the purpose of the tax, the
5 rate of tax and the number of years for which the tax will be authorized. The
6 rate of tax shall not exceed the limits prescribed by this section. To be
7 valid the tax authorization must be approved by a majority of the qualified
8 electors voting at the election.

9 F. In addition to other requirements prescribed by law, the board
10 shall prepare, print and distribute publicity pamphlets concerning the tax
11 issue proposed. The board shall distribute one copy of the publicity
12 pamphlet at least ten but not more than thirty days before the election to
13 each household in the district containing a registered voter. The publicity
14 pamphlet shall contain all of the following:

- 15 1. The date of the election.
- 16 2. Polling places and the times the polling places will be open.
- 17 3. A true copy of the title and text of the resolution proposing the
18 tax.
- 19 4. A summary of the purposes for which the tax is proposed to be
20 levied.
- 21 5. The estimated revenue needs for the described purpose.
- 22 6. An estimate of the annual amount of revenues to be raised from the
23 proposed tax.
- 24 7. Arguments for and against the proposed tax levy.

25 Sec. 53. Section 48-4237, Arizona Revised Statutes, is amended to
26 read:

27 48-4237. Transaction privilege tax: multipurpose facilities:
28 rate: administration

29 A. The board of directors by resolution may seek authority for the
30 district to levy a transaction privilege tax for multipurpose facilities or
31 other taxes or charges pursuant to subsection F of this section, in addition
32 to or in lieu of other revenues collected pursuant to this article, to be
33 used and spent for the purposes described in section 48-4204, subsection B
34 for the multipurpose facilities.

35 B. A countywide district shall present the question to the county
36 board of supervisors. If the board of supervisors authorizes an election,
37 and if a majority of the qualified electors voting at the election approves
38 the multipurpose facilities district transaction privilege tax, the board by
39 resolution may levy and, if levied, the department of revenue shall collect
40 a transaction privilege tax pursuant to this section to be used and spent for
41 the purposes described in section 48-4204, subsection B for the multipurpose
42 facilities.

43 C. The board of directors of a district that is established pursuant
44 to section 48-4202, subsection B and that is formed by two or more

1 municipalities shall present the question to the governing bodies of the
2 participating municipalities. A district that is established pursuant to
3 section 48-4202, subsection B is exempt from section 16-226. The governing
4 body of each municipality by resolution may approve the district's request
5 to place a question seeking authority for the district to levy a multipurpose
6 facilities district transaction privilege tax solely within the district, or
7 to impose other taxes or charges pursuant to subsection F of this section on
8 the ballot of an election pursuant to this section held on the same date or
9 on the same ballot as the regularly scheduled election of one or more of the
10 participating municipalities or the state or on any of the four dates
11 prescribed by section 16-204. If the governing body of each municipality
12 approves the district's request for an election, and if a majority of the
13 qualified electors from each municipality voting at the election approves the
14 multipurpose facilities district transaction privilege tax or other taxes or
15 charges pursuant to subsection F of this section, the board by resolution may
16 levy and, if levied, the department of revenue shall collect a transaction
17 privilege tax solely within the district pursuant to this section or other
18 taxes or charges pursuant to subsection F of this section to be used and
19 spent for the purposes described in section 48-4204, subsection B for the
20 multipurpose facilities. If a question fails to receive a majority approval
21 among the voters in one municipality, but receives a majority approval among
22 the voters in at least two other municipalities, the governing bodies of the
23 approving municipalities, by majority vote of each governing body, may elect
24 to form a new district and authorize the district to levy the tax solely
25 within the boundaries of the new district subject to the conditions
26 authorized by the voters in the election.

27 D. The board shall state on the ballot the purpose of the tax, the
28 maximum rate of the tax and the maximum number of years for which the tax
29 will be authorized. The tax shall terminate upon the expiration of the years
30 authorized or the completion of the purpose specified in the ballot,
31 whichever is earlier. The rate of tax shall not exceed the limits prescribed
32 by this section. The ballot question may propose to authorize the district
33 to levy and collect taxes and charges pursuant to subsection F of this
34 section.

35 E. The board shall set the rate of the tax at not more than five per
36 cent of the transaction privilege tax rate PRESCRIBED BY SECTION 42-5010.
37 SUBSECTION A applying on January 1, 1990 to each person engaging or
38 continuing in the district in a business taxed under title 42, chapter 5,
39 article 1, or in the case of persons subject to the tax imposed under section
40 42-5352, subsection A, at a rate of not more than .1525 cents per gallon of
41 jet fuel sold.

42 F. If authorized by an election held pursuant to this section, the
43 board may:

1 1. Pledge all or part of the revenues from a tax under this section
2 to secure the district's bonds or other financial obligations issued or
3 incurred under this chapter for the multipurpose facilities.

4 2. Pledge all or part of the incremental increase in the municipal
5 transaction privilege taxes generated in all or a designated geographic area
6 of the district during a period of time before, during and after any
7 specified national championship sporting event or international games hosted
8 in the multipurpose facilities to secure the district's bonds or other
9 financial obligations issued or incurred under this chapter for the
10 construction of the multipurpose facilities.

11 3. Impose a surcharge pursuant to the procedures and limits of
12 sections 48-4234 and 48-4235 in all or a designated geographic area of the
13 district during a period of time before, during and after any specified
14 national championship sporting event or international games hosted in the
15 multipurpose facilities except that a car rental surcharge imposed pursuant
16 to this paragraph shall not apply to the lease or rental of a motor vehicle
17 as a replacement vehicle owned by the lessee for personal use. For purposes
18 of this paragraph, "replacement vehicle" means a vehicle loaned by a motor
19 vehicle repair facility or dealer, or that an individual rents temporarily,
20 to use while a vehicle owned by the individual is not in use because of
21 breakdown, repair, service, damage, or loss as defined in the individual's
22 applicable private passenger automobile insurance policy.

23 4. Levy and, if levied, the department of revenue shall collect a tax
24 at a rate of not to exceed one per cent of the gross proceeds of sales or
25 gross income from the business of every person engaging or continuing in the
26 district in a business taxed under sections 42-5070 and 42-5074 during a
27 period of time before, during and after any specified national championship
28 sporting event or international games hosted in the multipurpose facilities
29 to secure the district's bonds or other financial obligations issued or
30 incurred under this chapter for the construction of the multipurpose
31 facilities.

32 5. Use amounts paid to the district pursuant to section 42-5031 and
33 received from the multipurpose facility site the boundaries or boundary
34 amendment of which are described in the publicity pamphlet as allowed by law,
35 including securing the district's bonds or other financial obligations issued
36 or incurred under this chapter for the construction of the multipurpose
37 facilities which are owned by the district or which are publicly owned.

38 G. Unless the context otherwise requires, section 42-6102 governs the
39 administration of any tax imposed under this section.

40 H. Each month the state treasurer shall remit to the district
41 treasurer the net revenues collected under this section during the second
42 preceding month. The district treasurer shall deposit the monies in the
43 stadium district fund. Revenues from a tax under this section shall not be
44 commingled with revenues collected pursuant to this article for any other

1 purpose but shall be separately accounted for and used solely with respect
2 to uses authorized in section 48-4204, subsection B.

3 I. In addition to other requirements prescribed by law, the board
4 shall prepare, print and distribute publicity pamphlets concerning the
5 proposed tax issue to be submitted to the voters. The board shall distribute
6 one copy of the publicity pamphlet at least ten but not more than thirty days
7 before the election to each household containing a registered voter in the
8 district. The publicity pamphlet shall contain all of the following:

- 9 1. The date of the election.
- 10 2. The location of the polling places and the times the polling places
11 will be open.
- 12 3. A true copy of the title and text of the resolution proposing the
13 tax.
- 14 4. A summary of the purposes for which the tax is proposed to be
15 levied and a description of the multipurpose facilities.
- 16 5. The estimated cost of the multipurpose facility to be financed.
- 17 6. An estimate of the annual amount of revenues to be raised from the
18 proposed tax.
- 19 7. The geographic area, time period and amount of any tax, tax
20 distribution, or surcharge proposed under subsection F of this section.

21 Sec. 54. Increased number of school days; phase-in

22 Notwithstanding sections 15-341, 15-802, 15-854, 15-855, 15-902 and
23 15-1001, Arizona Revised Statutes, section 15-901, Arizona Revised Statutes,
24 as amended by this act, and section 15-341.01, Arizona Revised Statutes, as
25 added by this act, the number of mandatory school days offered by school
26 districts shall be increased from the current number of one hundred
27 seventy-five days to one hundred eighty days according to the following
28 schedule:

- 29 1. In fiscal year 2001-2002, each school district governing board
30 shall maintain the schools established by it for the attendance of each pupil
31 for a period of not less than one hundred seventy-six school days.
- 32 2. In fiscal year 2002-2003, each school district governing board
33 shall maintain the schools established by it for the attendance of each pupil
34 for a period of not less than one hundred seventy-seven school days.
- 35 3. In fiscal year 2003-2004, each school district governing board
36 shall maintain the schools established by it for the attendance of each pupil
37 for a period of not less than one hundred seventy-eight school days.
- 38 4. In fiscal year 2004-2005, each school district governing board
39 shall maintain the schools established by it for the attendance of each pupil
40 for a period of not less than one hundred seventy-nine school days.
- 41 5. In fiscal year 2005-2006 and each fiscal year thereafter, each
42 school district governing board shall maintain the schools established by it
43 for the attendance of each pupil for a period of not less than one hundred
44 eighty school days as prescribed by statute.

1 Sec. 55. Laws 2000, chapter 48, section 8 is amended to read:

2 Sec. 8. Appropriation; education

3 A. The sum of \$22,470,000 is appropriated from the state general fund
4 for fiscal year 2000-2001 to the department of education as follows:

5 1. \$20,000,000 to be used EXCLUSIVELY FOR ~~to enhance one or more of~~
6 ~~the following items:~~

7 ~~(a) Classroom teacher salaries.~~

8 ~~(b) Employing new teachers.~~

9 ~~(c) Teacher training and development.~~

10 ~~(d) Classroom technology.~~

11 ~~(e) Strengthening programs for pupils in kindergarten programs and~~
12 ~~grades one, two and three.~~

13 ~~(f) Additional school days.~~

14 ~~(g) Supplemental learning programs to meet state academic standards.~~

15 ~~(h) Reading clinics.~~

16 ~~(i) Achieving or maintaining school sizes of fewer than four hundred~~
17 ~~fifty pupils.~~

18 2. \$2,470,000 for basic state aid.

19 B. The state general fund revenue for fiscal year 1999-2000 not
20 including any beginning balance is forecasted to be \$5,791,350,500. If, as
21 determined by the staff director of the joint legislative budget committee
22 and the governor's office of strategic planning and budgeting, the actual
23 state general fund revenue exceeds \$5,836,350,500, then, in addition to the
24 amount appropriated by subsection A of this section, the sum of \$20,000,000
25 is appropriated from the state general fund for fiscal year 2000-2001 to the
26 department of education for the purposes listed in section 9 of this act.

27 C. On or before September 1, 2000, the staff director of the joint
28 legislative budget committee and the governor's office of strategic planning
29 and budgeting shall jointly notify the governor, the president of the senate
30 and the speaker of the house of representatives whether the total fiscal year
31 1999-2000 general fund revenue exceeded \$5,791,350,500 and, if so, the total
32 revenue amount. If the state general fund revenue exceeded \$5,791,350,500,
33 then on or before September 15, 2000, the governor shall issue a public
34 notice stating the amount appropriated from the state general fund as
35 provided by this section.

36 Sec. 56. Laws 2000, chapter 48, section 9 is amended to read:

37 Sec. 9. Increased base support level; fiscal year 2000-2001

38 A. Notwithstanding section 15-901, subsection B, paragraph 2,
39 subdivision (a), Arizona Revised Statutes, if the fiscal event described in
40 section 8, subsection B of this act occurs, the base support level for fiscal
41 year 2000-2001 is \$2,621.62.

42 B. It is the intent of the legislature that these monies be used for
43 the same purposes described in section 8, subsection A of this act.

1 C. For fiscal year 2000-2001, school districts and charter schools
2 shall report on the school report card issued pursuant to section 15-746,
3 Arizona Revised Statutes, a summary of any monies received pursuant to this
4 section and a description of how the monies were used to ~~enhance classrooms~~
5 ~~to augment pupil learning. School districts and charter schools shall~~
6 ~~provide to any person on request a detailed itemization of the classroom~~
7 ~~enhancements and associated expenditures.~~

8 D. Notwithstanding section 15-905, subsection A, paragraph 2, Arizona
9 Revised Statutes, school district governing boards and charter schools may
10 include in the proposed and adopted budget for fiscal year 2000-2001 any
11 items or amounts authorized by this act. If subsequent events prevent any
12 provision of this act from becoming effective, the governing boards and
13 charter schools shall reduce their budgets by any amount that was budgeted
14 pursuant to this act and that did not become effective.

15 E. The staff of the legislative council shall prepare legislation for
16 consideration in the forty-fifth legislature, first regular session to make
17 necessary statutory changes to conform to the enactment of fiscal events
18 pursuant to this section.

19 Sec. 57. Statutory reporting requirements

20 The department of education shall review each statutory reporting
21 requirement for the state board of education, the department of education and
22 the superintendent of public instruction and submit a report summarizing the
23 effectiveness of each report to the governor, the president of the senate and
24 the speaker of the house of representatives no later than November 15, 2001.

25 Sec. 58. Delayed repeal

26 Section 57 of this act, relating to statutory reporting requirements,
27 is repealed from and after January 31, 2002.

28 Sec. 59. Delayed repeal

29 Title 15, chapter 16, article 7, Arizona Revised Statutes, as added by
30 this act, is repealed from and after June 30, 2005.

31 Sec. 60. Appropriation

32 The sum of \$2,500,000 is appropriated pursuant to section 42-5029,
33 subsection E, paragraph 7, Arizona Revised Statutes, for fiscal year
34 2001-2002 to the department of education to be used for accountability
35 purposes as described in section 15-241 and title 15, chapter 9, article 8,
36 Arizona Revised Statutes.

37 Sec. 61. Appropriation; ASU east and west campuses; exemption

38 A. The sum of \$2,500,000 is appropriated in fiscal year 2001-2002
39 from the technology and research initiative fund established by section
40 15-1648, Arizona Revised Statutes, for the following:

41 1. \$1,100,000 for Arizona state university west capital first-year
42 certificates of participation costs for lease-purchase of buildings and
43 associated infrastructure.

1 2. \$1,400,000 for Arizona state university east capital first-year
2 certificates of participation costs for lease-purchase of buildings.

3 B. The appropriation made in subsection A of this section is exempt
4 from the provisions of section 35-190, Arizona Revised Statutes, relating to
5 lapsing of appropriations.

6 C. Issuance of certificates of participation for lease-purchases is
7 subject to review by the joint committee on capital review.

8 D. The monies appropriated pursuant to this section are from the
9 monies allocated pursuant to section 15-1648, subsection A, Arizona Revised
10 Statutes, as added by this act. It is the intent of the legislature that
11 future monetary requirements for this purpose shall likewise be appropriated
12 from that source of monies.

13 Sec. 62. Intent

14 A. For the purposes of title 15, chapter 9, article 8, Arizona
15 Revised Statutes, as added by this act, the legislature intends to establish
16 the student accountability information system in order to reduce the
17 administrative burden on school districts and charter schools and to allow
18 for the expedient exchange of data between school districts, charter schools
19 and the department of education. The data collected by the student
20 accountability information system shall allow for prompt and accurate
21 calculations of student counts, student mobility, dropout students and
22 student academic progress.

23 B. Education for kindergarten programs and grades one through twelve
24 currently receives the largest amount of money from the state's general fund.
25 It is essential that the state of Arizona clearly illustrate for its
26 policymakers and taxpayers how all state and federal monies are distributed
27 and expended by Arizona public school districts and charter schools. It is
28 equally essential that the state of Arizona provide information to
29 policymakers and taxpayers on the academic progress of pupils being educated
30 by Arizona public schools and the quality of those schools. Therefore, it
31 is the intent of the people of this state that:

32 1. Financial and academic accountability be established in Arizona's
33 K-12 system.

34 2. Policymakers and taxpayers be able to see clearly how much money
35 is generated at each individual school site and how school districts
36 distribute K-12 monies. This should be done through completion of the
37 Student Accountability Information System (SAIS) and submission of data
38 related to state and federal aid to schools.

39 3. Achievement profiles be established and published for every public
40 school in the state of Arizona that will illustrate whether individual
41 schools are ensuring that their pupils make one year's worth of academic
42 progress for every school year.

43 4. Public schools whose pupils are not making adequate academic
44 progress every school year should be identified, provided specialized

1 assistance and given a specific amount of time for correction before
2 administrative changes would be required.

3 5. The Arizona department of education should publish and distribute
4 reports for the public that display results of the academic and financial
5 accountability measures established by law.

6 6. None of the monies collected and distributed pursuant to sections
7 42-5010 and 42-5029, Arizona Revised Statutes, as amended by this act, shall
8 be used for administrative expenses.

9 7. Each fiscal year the legislature should appropriate sufficient
10 monies to provide full funding to accommodate student growth in this state.

11 Sec. 63. Application

12 Sections 43-1089 and 43-1089.01, Arizona Revised Statutes, as amended
13 by this act apply to taxable years beginning from and after December 31,
14 2000.

15 Sec. 64. Election to authorize additional state transaction
16 privilege and use tax increments

17 A. The secretary of state shall place on the ballot of the 2000 state
18 general election the issue of:

19 1. An incremental increase in the rate of state transaction privilege
20 tax, as provided by section 42-5010, subsection G, Arizona Revised Statutes,
21 as amended by this act, an incremental increase in the state use tax, as
22 provided by section 42-5155, subsection D, Arizona Revised Statutes, as
23 amended by this act and the distribution of those monies as provided by
24 section 42-5029, Arizona Revised Statutes, as amended by this act.

25 2. Inflation adjustments in the state aid to education base level and
26 other components of the revenue control limit pursuant to section 15-901.01,
27 Arizona Revised Statutes, as added by this act.

28 3. A termination of the exemption from the revenue control limit for
29 excess utility costs as provided by section 15-910, subsection A, Arizona
30 Revised Statutes, as amended by this act.

31 4. A limitation on the school district qualifying tax rates and the
32 county equalization assistance for education rate as provided by section
33 41-1276, subsection H, Arizona Revised Statutes, as amended by this act.

34 5. A state income tax credit in mitigation of increased transaction
35 privilege and use taxes, as provided by section 43-1072.01, Arizona Revised
36 Statutes, as added by this act.

37 B. As provided by section 19-124, Arizona Revised Statutes, the
38 legislative council shall prepare an analysis of the proposition, and the
39 secretary of state shall include the analysis with any submitted arguments
40 that advocate or oppose the proposition in the general election publicity
41 pamphlet.

42 C. In addition to any other ballot requirements prescribed by law,
43 the secretary of state shall print on the official general election ballot:

44 1. The official title and number of the measure to be voted on.

1 2. A descriptive title, not exceeding fifty words, containing a
2 summary of the issue, prepared by the secretary of state and approved by the
3 attorney general.

4 3. The phrases:

5 A "yes" vote has the effect of approving an increase in the
6 state transaction privilege (sales) tax and the state use tax of
7 six-tenths of one per cent to raise revenues in support of
8 education, a state income tax credit in mitigation of those tax
9 increases, inflation adjustments in state aid for education, a
10 termination of an exemption from education funding revenue
11 control limits for excess utility costs and a limitation on the
12 school district qualifying tax rates and the county equalization
13 assistance for education rate.

14 A "no" vote has the effect of rejecting the proposed
15 increase in state taxes and the other proposed tax mitigations
16 and education budgetary controls.

17 Sec. 65. Conforming legislation: blending

18 A. The legislative council staff shall prepare proposed legislation
19 conforming the Arizona Revised Statutes to the provisions of this act for
20 consideration in the forty-fifth legislature, first regular session.

21 B. The executive director of the legislative council is authorized to
22 blend the nonconflicting changes made to the Arizona Revised Statutes during
23 the forty-fourth legislature, second regular session, with the changes made
24 to those same statutes by this act.

25 Sec. 66. Delayed implementation

26 This act shall not be implemented until from and after May 31, 2001.

27 Sec. 67. Conditional enactment

28 This act does not become effective unless the qualified electors of
29 this state in the general election that will be held in November, 2000
30 approve an increase in state transaction privilege tax rates of six-tenths
31 of one per cent in order to fund the provisions of this act.

APPROVED BY THE GOVERNOR JUNE 30, 2000

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 30, 2000